BRISCOE
GROUP LIMITED

Annual Report
2020

"We take great confidence from the quality of our retail and product brands, our systems, the improvements we have underway and the capabilities of our teams. For that reason, and notwithstanding the economic headwinds, we are confident that we will continue to grow the business and deliver the value our customers have come to expect from New Zealand's pre-eminent homeware and sporting brands".

Rod Duke
Group Managing Director

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At a Glance

We're New Zealand's leading homeware and sporting goods retailer offering our customers great products to enhance every room in their home and for every sporting occasion.

We focus on style, quality and value and are always working hard to help our customers create a home they love and to play the sport of their choice.

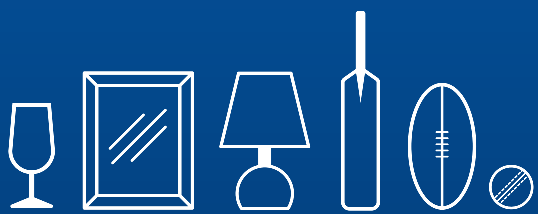
90,000

We have over 90,000 products available in store or online

800,000

We have over 800,000 visits to either our physical or online stores every week

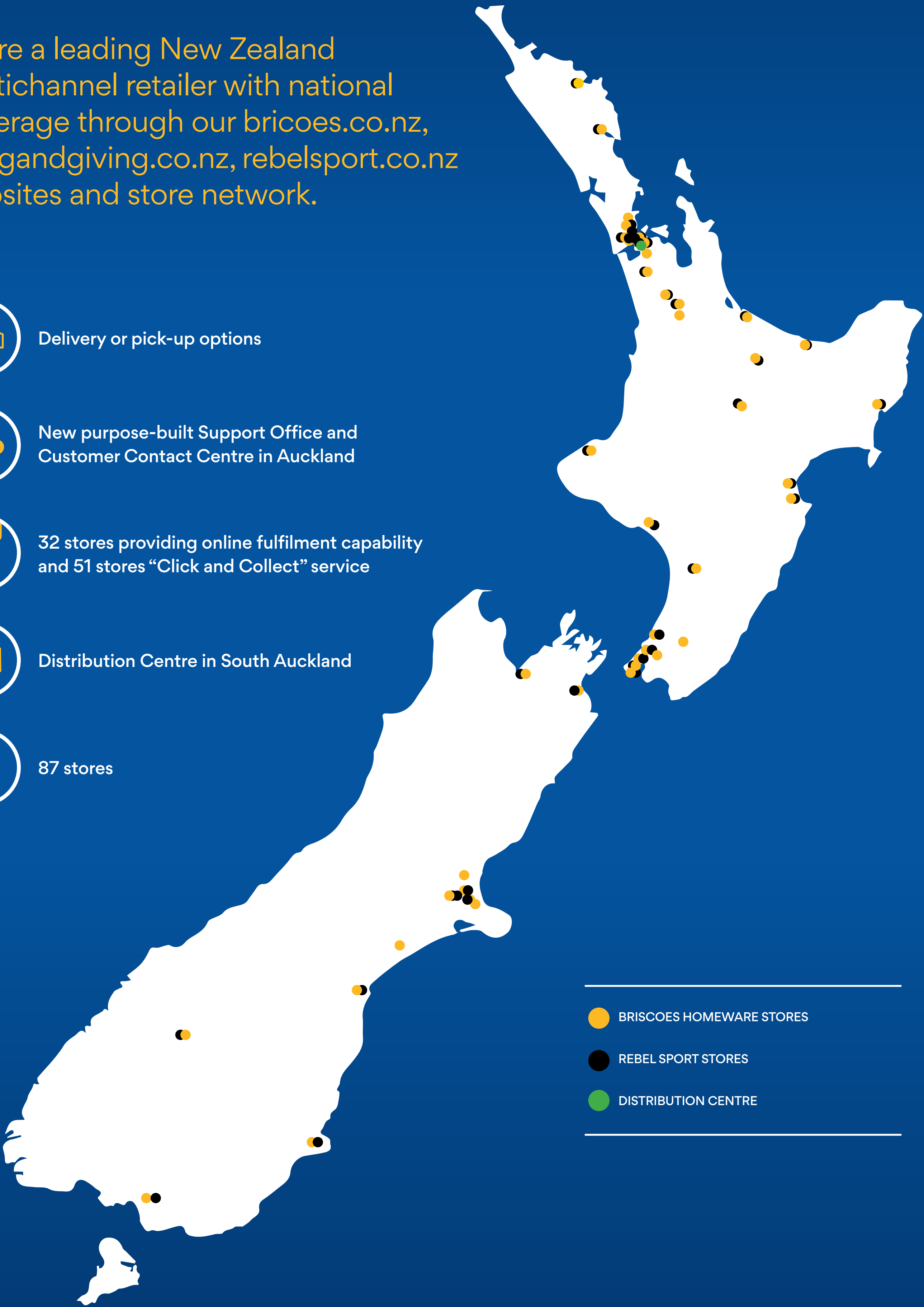
Home delivery and Click & Collect services



Biggest range of homewares and sporting goods available in New Zealand

We're a leading New Zealand multichannel retailer with national coverage through our bricoes.co.nz, livingandgiving.co.nz, rebelsport.co.nz websites and store network.

- Delivery or pick-up options
- New purpose-built Support Office and Customer Contact Centre in Auckland
- 32 stores providing online fulfilment capability and 51 stores "Click and Collect" service
- Distribution Centre in South Auckland
- 87 stores



Chairman's Review

I am pleased to be able to say that our story is not all about the day-to-day contest for revenue in this tough environment. We remain very focused on opportunity – in the short, medium and long term. We are determined to remain at the forefront of the retail scene in New Zealand, in terms of both performance and adaptation to the changing environment.

Overview

Our highlights well illustrate that Briscoe Group has once again demonstrated its ability to navigate the competitive challenges that are increasingly prevalent in our retail environment.

Retail has always needed agility, an ability to move quickly and the foresight to predict when and how to respond, but the impact of dramatically changing lifestyles, demands and preferences of our customers has increased the pressure on all retailers. It is simplistic to place all the emphasis on the impact of social media in relation to our changes in lifestyle. It's more complex than that but it certainly emphasises that our ability to report increased revenue and operating earnings whilst responding to this changing marketplace is all the more significant.

As a Board we are proud of the continuing and heightened efforts of our people across all parts of the company and the results they continue to achieve in driving continued growth and profitability. We openly acknowledge their hard work and commitment.

Last year was one of significant change in our leadership team. It demonstrated the Company's ability to both attract and promote from within, high achieving and committed individuals, whilst accentuating the significan ongoing contribution of established critical team members.

The complementarity of the roles of our Executive and Management teams and their compatibility enables the agility and effectiveness that so effectively drive our organisation.

It is exciting for us as a Board to see the diversity of thinking and experience increasingly demonstrated in the teams at all levels of the company and to acknowledge how this is contributing to changing attitudes and performance.

We are determined to remain at the forefront of the retail scene in New Zealand and have several workstreams underway to increase profitability through internal process improvement and growth. We are excited by the development and review of the Group's strategy for the coming 3-4 years. This will take account of the ongoing change in the retail environment and in particular customers' priorities but at the same time acknowledge the shorter term economic challenges both domestically and internationally in the current 2020/21 year.

As a Board and Executive team, we believe that this also provides us with significant opportunities ahead and that we are well placed to deliver sustainable growth.

Dame Rosanne Meo
Chairman

This annual report includes, as a separate section, a summary of our views on the changing retail environment and the work we are undertaking to ensure that we respond in ways that not only maximise our competitive advantage but are the right decisions for our business and our stakeholders. A more detailed update on this will be presented at the annual meeting.

The Managing Director's review of operations (below) summarises our work programmes and performance over the 2019-20 year and provides an insight into the trading outlook for 2020-21.

Financial Performance

Briscoe Group's sales revenue grew by 3.34% to a record $653.0 million in the year ended 26 January 2020. Gross margin dollars increased by 1.64% to $257.5 million, while gross margin percentage decreased to 39.43%.

Net profit after tax (NPAT) before the impact of accounting standard NZ IFRS 16 (see below) was up by 2.54% to $65.0 million. NPAT included dividends received totalling $6.8 million from our investment in Kathmandu Holdings Limited, as well as $2.7 million received for rights entitlements not exercised in that company's capital raising for its acquisition of the Rip Curl business. NPAT after the impact of NZ IFRS 16 was $62.6 million.

The Group's balance sheet remains strong, with cash and bank balances of $67.4 million as at 26 January 2020 and no term debt. Approximately $25 million of creditor payments included in the trade payables balance were subsequently paid on or before 31 January 2020.

Our investment in Kathmandu continued to perform well during our 2019/20 year, returning an increased dividend for the year.

We also note Kathmandu's market release at the end of March 2020 in relation to their response to the COVID-19 situation and also their subsequent equity raising, which as a Board, we decided to not participate in.

As Rod Duke commented at the time, we are obviously supportive of the Kathmandu business and would like to see them successfully alleviate their balance sheet pressures. However, our immediate priority in this period of unprecedented uncertainty surrounding the potential impact of COVID-19, is to our shareholders and employees to continue to ensure the strength of our own business both in the short-term and for the future.

NZ IFRS 16

As previously indicated the Group adopted the accounting standard NZ IFRS 16: Leases on 28 January 2019 and this is thus the first year of reporting under this new standard.

Like a number of other retailers, we lease many of our store properties. The new standard requires lessees to recognise nearly all leases on the balance sheet, which will reflect their right to use the asset for a period of time and the associated liability for payments. The new standard has changed the presentation of the balance sheet and the statement of cash flows, as well as affecting the amounts shown in the income statement. Rent expense in the income statement has been replaced by depreciation and interest.

$653M

SALES REVENUE 3.34%.

The Group has elected to apply the modified retrospective transition method. Under this method the Group has not restated comparatives for this reporting period.

"Briscoe Group is committed to the highest standards of governance and management, based on implementing best practice structures and policies."

Reclassifications and adjustments are therefore recognised in the opening balance sheet. Reported net profit after tax (NPAT) includes a $2.4 million impact from the introduction of NZ IFRS 16. Due to its January balance date, Briscoe Group is one of the first companies to adopt the new leasing standard, which will significantly affect all businesses with sizeable portfolios of leased properties. It is important to note that the changes have no cash effect on the Group and the change is for financial reporting purposes only.

Further details can be found in Note 6.5 (page 70) of the financial statements within this Annual Report, including tables outlining the impacts of the new standard on the consolidated income statement and consolidated balance sheet.

Dividend

We were, of course disappointed to have to take the difficult decision to cancel the final dividend which had been announced with our full year result (refer Notes 5.3.3 and 6.4 of the financial statements).
In light of the uncertainty surrounding the impact of COVID-19 and the rapid escalation to Alert level 4 implemented by the New Zealand Government, the Board made the decision to cancel the final dividend in the best interests of the company. There is no doubt in our minds given the rapid deterioration of the operating environment since then, that this was the right decision. We will however continue to assess our ability to pay a dividend as is practicable and prudent.

Corporate Governance

Briscoe Group is committed to the highest standards of governance and management, based on implementing best practice structures and policies. It has always been a strong feature of this company that the Board and Executive teams work effectively together and are aligned around the business objectives.

We have, in recent months, been in search of an additional independent, non-executive director. We also undertook a comprehensive, external assessment of our capabilities in the latter part of 2019 and used this as a component of both our governance strategic planning and in determining what we need in our next director. That review identified the benefit we could derive for additional e-commerce and international experience and we are progressing an appointment process.

Equity-Based Remuneration Schemes

The Board is of the view that all shareholders benefit from the participation of key senior executives in long-term, appropriately-priced, equity-based remuneration that crystallises only on delivery of increased shareholder value.

The Group established an Executive Share Option Plan in 2003 to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. No options have been issued under this plan since 2016. The total number of share options still exercisable represents 0.5% of the current issued share capital.

Subsequent to a review conducted in 2018 with independent external advisors engaged by the Board, a new long-term incentive plan was established to replace the Executive Share Option Plan. Under this new plan, performance rights subject to performance hurdles measured over a three-year period are granted to selected senior executives. There were two tranches of performance rights issued during the 2019-20 financial year.

Further details in relation to equity-based remuneration can be found in Note 6.2 (page 66) of the financial statements within this Annual Report.

The 2020/21 year has already clearly demonstrated that it will be the most economically, socially and operationally challenging period that any of us have faced. However we remain excited by the significant opportunities that lie ahead for our Group. The response of our team in these recent weeks has clearly demonstrated the agility of which we spoke earlier in this report to you.

Unpredictability and uncertainty abound, but we remain confident that we are well-placed to maintain our position as the leading homeware and sporting goods retailer in New Zealand.

On behalf of my fellow directors, I thank you all for your continued support as shareholders in the Briscoe Group.

Dame Rosanne Meo
Chairman

On behalf of the Board:
Rod Duke
Andy Coupe
Tony Batterton

Andy Coupe
Independent Director

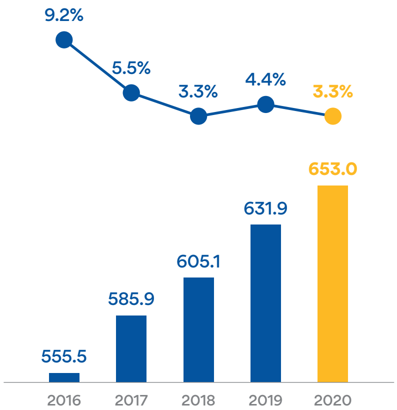
Tony Batterton
Independent Director


new balance

Highlights

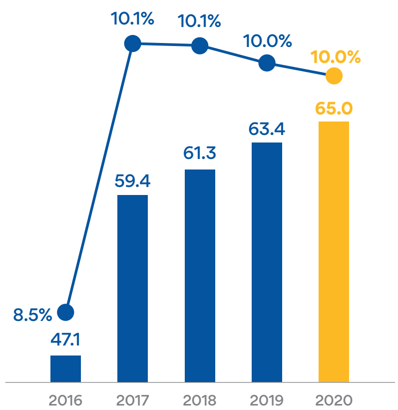
Key performance indicators (KPIs) are used by the Board and throughout the Group to monitor business performance

TOTAL REVENUE
$M AND GROWTH %



Growth of 3.3% includes same-store growth of 2.0% in stores and online and 3 new store openings.

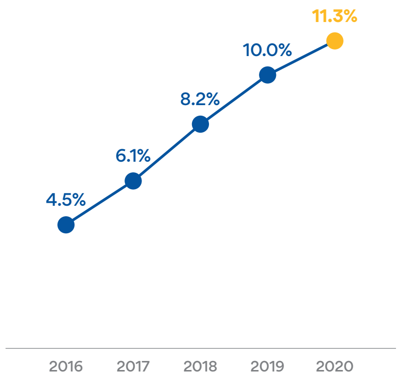
NET PROFIT AFTER TAX*
$M AND % SALES



Net profit after tax* (NPAT) continues to grow in a challenging retail environment and despite significant wage and other cost pressures.

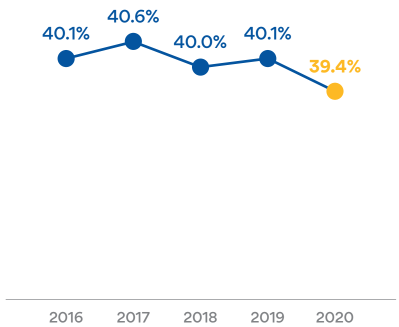
* Net profit after tax is presented before the impact of the introduction of NZ IFRS 16.

ONLINE MIX OF SALES
%



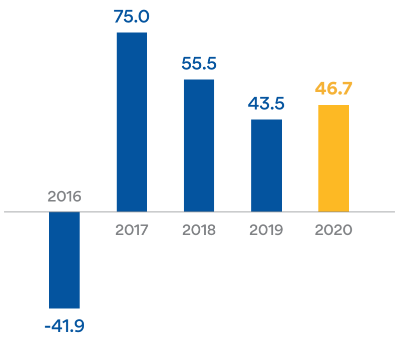
Online continues to grow with additional fulfilment stores and the launch of Click and Collect.

GROSS PROFIT MARGIN
%



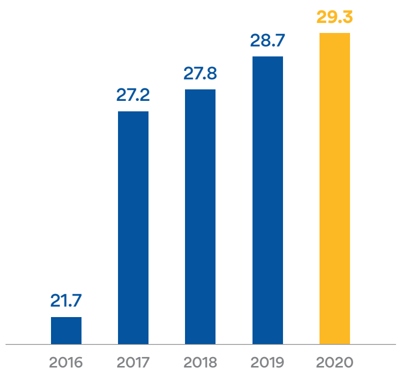
The competitive retail environment continues to keep margins under pressure.

FREE CASH FLOW
$M



Solid positive free cash flow (defined as net cash from operating activities less net cash used in investing activities) since the 2015/16 investment in Kathmandu Holdings Limited.

EARNINGS PER SHARE*
CENTS



Earnings per share increasing reflecting the steady increase in profit performance.

* Earnings per share is presented using earnings before the impact of the introduction of NZ IFRS 16.

Managing Director's Review of Operations

We look forward to expanding revenues from our existing store network and online platform, new revenue streams and increased profitability through improvements in key facets of our business.

In the year to January 2020 our performance was commendable with sales at a record level. Net profit after tax was also a record before the extra impact of the new accounting standard on leases.

As Managing Director, I cannot emphasise enough the effectiveness of our people in achieving such results. My direct reports of Geoff Scowcroft (CFO), Andrew Scott (COO) and Aston Moss (GM Human Resources), supported by great teams in every part of the Group, continue to demonstrate the values and energy that make us successful and passionate about our company.

Due to this commitment, we were and continue to be well-placed to take on the intense competition across the retail environment, including wage and general cost increases and declines in consumer and business confidence both in New Zealand and internationally. In particular the challenges of the COVID-19 environment have just highlighted the importance and value of our high performing and dedicated executive team and their leadership that permeates right through the organisation.

Margins were under pressure, especially in the second half of the year with a late start to winter having a significant impact on demand in relevant product categories. While Gross Margin dollars increased for the year, the equivalent percentage was lower.

Rod Duke
Group Managing Director

Despite being faced by changing consumer spending patterns – growth in online shopping, the focus on mega shopping events at the expense of 'normal' trading and the later start of Christmas, both the homeware and sporting goods segments continue to perform well operationally.

On a same-store basis – adjusted for store openings and closures – Group sales were 2.04% ahead of those for the previous corresponding period. Our online channels continued to experience strong growth with sales 16% higher than the previous years. Online sales now represent just over 11% of our total sales and continue to grow.

We made $19.2 million of capital investment, with $10.1 million going toward development of Group owned property and the balance for the fit-out of new and relocated stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

Inventories were $87.4 million at year end, $6.4 million higher than the $81.0 million for 2018-19. The increase reflected three new store openings during the year, the increased demand for online shopping and a higher mix of imported inventory.

Our strong performance was built on basic disciplines –

- Investing in our people, their growth and performance.
- Improving productivity – in particular managing inventory better.
- Optimising our store network and growing our online platform
- Building a deeper understanding of our customers wants and needs.

These disciplines will remain at the core of our business and go hand in hand with initiatives that will help us retain our strong competitive position as we evolve and grow.

Our Store Network

The store development programme progressed well throughout the year. The Briscoes Homeware and Rebel Sport stores in New Plymouth were fully refurbished during the first half, following earthquake strengthening works.

Projects continued at pace during the second half, led by the completion of the new Support Office at 1 Taylors Road, Auckland. The full support team was relocated by the end of August. The Briscoes Homeware store at 36 Taylors Road was relocated in September to retail space on the ground floor of the new Support Office building. This allowed for a complete rebuild on the previous site, for which siteworks have since commenced.

September also saw the opening of a new Rebel Sport store in Newmarket, Auckland as part of the Westfield retail redevelopment. This store reflects a contemporary fit-out and design, parts of which will be replicated in future new and refurbished Rebel Sport stores.

11.3%

ONLINE MIX OF SALES

New Briscoes Homeware and Rebel Sport stores, including online fulfilment centres, opened in Mt Roskill in October – welcome additions to the Group's Auckland network. The Briscoes Homeware store at Riccarton, Christchurch was relocated to a new site on Riccarton Road. The extension and full refurbishment of the Briscoes Homeware store in Tauranga was completed, along with the creation of an enlarged common back-of-house facility.

By the end of the year the homewares segment had 47 bricks and mortar stores including 24 fulfilment hubs, and there were 40 stores in the sporting goods segment including 20 fulfilment hubs.

Our Ongoing Online Mission

The last year has seen considerable investment in our online platform with the full launch of our new websites in February. The addition of fulfilment hubs as part of the store refurbishment programme and continuing work to improve the way we deliver orders to customers, are essential to our future online development. We are committed to increasing our capacity, capability and customer understanding in this area.

Our Click and Collect offering allowing shoppers to order online and pick up in-store, was launched after an extended trial and is now available to customers at 51 stores. Our intention is to have this service available at all stores by the end of this year.

The Year Ahead

Although New Zealand retailing continues to remain highly competitive, our dominant perspective is one of opportunity. We look forward to expanding revenues from our existing store network and online platform, new revenue streams and increased profitability through improvements in key facets of our business.

We will continue to enhance our customer offering through both online channels and physical stores with the roll-out of Click and Collect and other customer engagement initiatives.

We will enhance our store network through new openings, refurbishments and upgrades in new and existing locations. Our store development programme will include the opening of bigger and better Briscoes Homeware and Rebel Sport stores in Nelson, a new Briscoes Homeware at 36 Taylors Road, Auckland and the conversion of our site at 1 Taylors Road to a flagship Rebel Sport store. We will also be working on developments in Napier to open in 2021 and Silverdale likely in early 2022.

There will be further improvement in internal processes, including the launch of a notable project to enhance our supply chain management by enhancing logistics, inventory and store processes, combining our own expertise with specialised external assistance.

We will launch a review of the way we engage with customers with a view to optimising our marketing spend and cost control will remain a key focus.

We take great confidence from the quality of our retail and product brands, our systems, the improvements we have underway and the capabilities of our teams. For that reason, and notwithstanding the economic headwinds, we are confident that we will continue to grow the business and deliver the value our customers have come to expect from New Zealand's pre-eminent homeware and sporting brands.

Rod Duke
Group Managing Director

Preparing for the Future of Retail

Retailing has never been simple. It requires a strange alchemy of foresight, ambition, risk-taking, innovation and disciplined execution to achieve survival and growth.

Briscoe Group was founded on the recognition of those basic requirements and our willingness to meet them day-by-day and year-by-year. Years later we are still here, with a national footprint and a clear position as New Zealand's leading retailer of homewares and sporting goods.

Our position has been built on a strategy that places customers at the centre of our business – offering customers the best range of brands at the best prices and making it easy for them to do business with us. In all likelihood, that will never change.

What does change is the shape and structure of the retail environment.

For most of our lifespan change has been gradual – an evolution of the bricks and mortar retail platform. In recent years it has become more rapid and fundamental – rearranging the competitive structure of markets through global forces such as the spread of major international retail brands, the rise of e-commerce including the introduction of online trading platforms with global reach, and a revolution in marketing and advertising based on far-reaching changes in the media landscape.

The result is a potent mix of evolving trends that underline the Darwinian nature of retail success – that it is predicated not on size, strength or intelligence but rather on the ability to adapt to change.

"The strength of our balance sheet provides a solid foundation for future growth"

Geoff Scowcroft
CFO

We see the most significant changes within the following areas:

1. **COVID-19:**

   First and foremost is the global crisis that is COVID-19. We have yet to see the full scope of the national health response or the economic implications but it's obvious that retail will undoubtedly be impacted. While this may not be a long-term market change it still presents the most disruptive force to retail in New Zealand this year. Purchase patterns have radically shifted from the impact of enforced isolation and this should be a solid test of our online and offline fulfilment options and experiences.

2. **Customer behaviours and preferences:**

   Multi-channel purchasing opportunities, online research and comparison, new technologies, readily available global information and shifts in spending patterns (like the recent concentration of promotional activity, and thus consumer demand, around major event-based campaigns such as Singles Day ('11/11'), Black Friday and Boxing Day) all highlight the extent to which it will be our understanding of our customer that keeps us relevant and reliable.

3. **The role of the physical store:**

   So much more than a fulfilment centre, the physical store is increasingly the hub of the 'brand experience' – used to inspire, demonstrate, educate and connect with customers. Such multifunctional spaces need radical rethinking that moves away from 'rows of racks' and leans into desirable destinations.

4. **Erosion of the traditional media landscape:**

   The decline in dominance of traditional media (television, print and radio) and increased relevance of a range of options including digital platforms, subscription television and social networks makes putting national brand and sales messages in front of customers more challenging and expensive; but, on the other hand, offers ever-greater potential for personalised targeting.

"We have a strong base to build on with our store and fulfilment network in a continual process of growth and renewal"

Andrew Scott
COO

5. **Operational cost pressures:**

   Continuing cost increases along with minimal opportunity for retail price inflation put increased pressure on the bottom line and highlights the need for the business to run as smartly as possible with business intelligence technology and systems leading the charge.

These, and other unforeseen, challenges present both opportunities and risks and retailers need to plan to deal with both. Some have adapted better than others. In what is essentially a mirror of the international experience, a number of retailers in New Zealand and Australia have been placed in some form of voluntary or involuntary administration over recent years. These changes in the operating environment, as well as the competitive forces, are clear and present.

Briscoe Group is determined to be one of the retailers that confronts both the challenges and the opportunities.

We have a strong base to build on with our store network in a continual process of growth and renewal; the recent upgrade of our online shopping experience, including Click and Collect options at stores throughout the country; and the excellent capabilities of our individual employees and teams.

Beyond that base we have a range of plans in place to build the strength of our position. We see three key areas of opportunity to drive growth:

- Improving the experience our customers have with us – through interactions with our people, the store environment, the online platform and in responding to promotions. We aim to offer a relevant and reliable experience that differentiates us in the marketplace.
- Overhauling our supply chain to improve distribution efficiency, improving the 'speed-to-floor,' and optimising online fulfilment and stock levels.
- Developing new streams of revenue by identifying opportunities for start-ups and acquisitions, and by building strategic partnerships.

These plans reflect our existing knowledge base and capabilities, reflection on those needed for continuing growth and study of the changes made successfully by our peers in overseas markets. They will be implemented progressively in the coming years, and will be supplemented by further reflection, learning and insights.

Most importantly, we are confident that they will enable the company to seize the opportunities that exist now, and will emerge, in a competitive retail environment.

"Collaboration and partnerships represent huge opportunity for retailers to engage with stakeholders and data and digitalisation will be key enablers to unlocking this opportunity."

Geoff Scowcroft & **Andrew Scott**
CFO COO

Growing Together

Going beyond the expected, new initiatives are being introduced across the business to ensure that our team are not only led in the right direction, but continually challenged to create a successful and sustainable future.

Our People

We continue to invest in education to grow management and leadership capability and to enhance product knowledge and service skills. We have established educational pathways for staff to study at a range of levels, from certificates and diplomas through to degrees. We are particularly excited that a number of our managers have enrolled in MBA degrees.

Both store and support teams are being trained on product knowledge, job skills, cybersecurity and health & safety. Recruitment is co-ordinated and managed by a centralised platform enabling visibility of talent and ensuring robust selection and appointment processes. The opportunities these provide for collective and individual development are wide ranging and we're pleased with the way our teams have embraced these systems.

A number of Zone Business Manager appointments were made during the year. This role enhances our lean operating model by providing career opportunities, sharpening focus on the management of our retail network and supporting good operating practice.

We implemented our online Health & Safety reporting and recording system Ecoportal during 2019. This is an invaluable tool in our relentless focus on good health and safety practices across our business. Complementing this was the introduction of internal and external traffic management plans for every site across our network to assist us in providing a safe working and shopping environment for team members and customers alike.

"With around 2000 employees all over New Zealand, it's important to us as a Group that we not only create enduring relationships with our staff and partners, but also with our communities."

Aston Moss
Group GM – Human Resources

Briscoe Group Scholarship

The Briscoe Group Education Foundation was established to provide employees and their children the opportunity to up-skill and fulfil their education ambitions. Offering a helping hand that can make an amazing difference to our staff's ability to contribute to family, community and the wider society.

In 2013, thanks to the generosity of the RA Duke Trust, the Group began a partnership with First Foundation, bringing together sponsors, schools and talented young people with limited financial resources into a proven four-year programme that includes paid work experience, financial support and personal guidance from mentors.

22 scholarships have been awarded to date and in February, we had the privilege of awarding four scholarships as well as celebrating two recipients who have recently completed the First Foundation programme.

We continue to support other staff engaged in tertiary education and have established relationships with Massey University and Auckland University of Technology.

"Our uniquely structured retail operations team embodies a high performing, committed and adaptable force of Zone and Business Managers. They embrace the challenge of fundamentally shifting traditional bricks and mortar to the complexities of omni-channel retailing."

Nick Turner
Group GM Retail Operations

Sustainability

Whilst we realise we still have a way to go, Briscoe Group Limited is committed to reducing its business footprint on the environment. This is a key focus for our company and we already have a number of initiatives underway.

We are in the process of measuring our carbon footprint to better understand the amount of greenhouse gas emissions produced by our company. From there we can start to consider sensible targets for future reduction. We also have compliance agreements in place with our partners to ensure products are produced ethically. We are committed to the highest standards of social responsibility and work with international organisations to uphold this.

Making our buildings as energy efficient as possible is another key area of focus and building specification reviews are underway to enable us to set new benchmarks in energy and water use efficiency.

Over the last year, Cloud 9 pillows moved to home compostable packaging – removing 400,000 bags. Fieldcrest, KAS, Royal Doulton and Design Plus moved to cotton self-pack bags – removing 314,000 bags and John Cotton duvet inners moved to calico bags and cardboard boxes – that's 18,000 bags fewer.

Combined with the legislative changes early last year restricting single-use plastic bags at counters, we have removed in excess of 6,100,000 plastic bags from landfill and will continue to identify opportunities for further reductions.

"As a Group, we're on a journey to reduce our impact on the environment and working with our partners is just one of the ways to help make that happen."

Fraser Collins
Group GM Merchandise

Last year we recycled 2,100 tonnes of recyclable materials including 1,920 tonnes of cardboard, the weight of the structural steel in the Sky Tower.

We now have ten waste diversion options to apply to sites – paper, cardboard, commingle recycling, wood, metal, compost, secure destruction, clear plastic film, batteries and used electronics. Which means in 2020 GWP (Good waste practices) has started across all group sites.

Community Sponsorship

At a charitable level, since 2004 Briscoe Group Limited has been a key partner of Cure Kids, a charity set up to find cures and better treatments for serious illnesses and diseases that affect thousands of children in New Zealand.

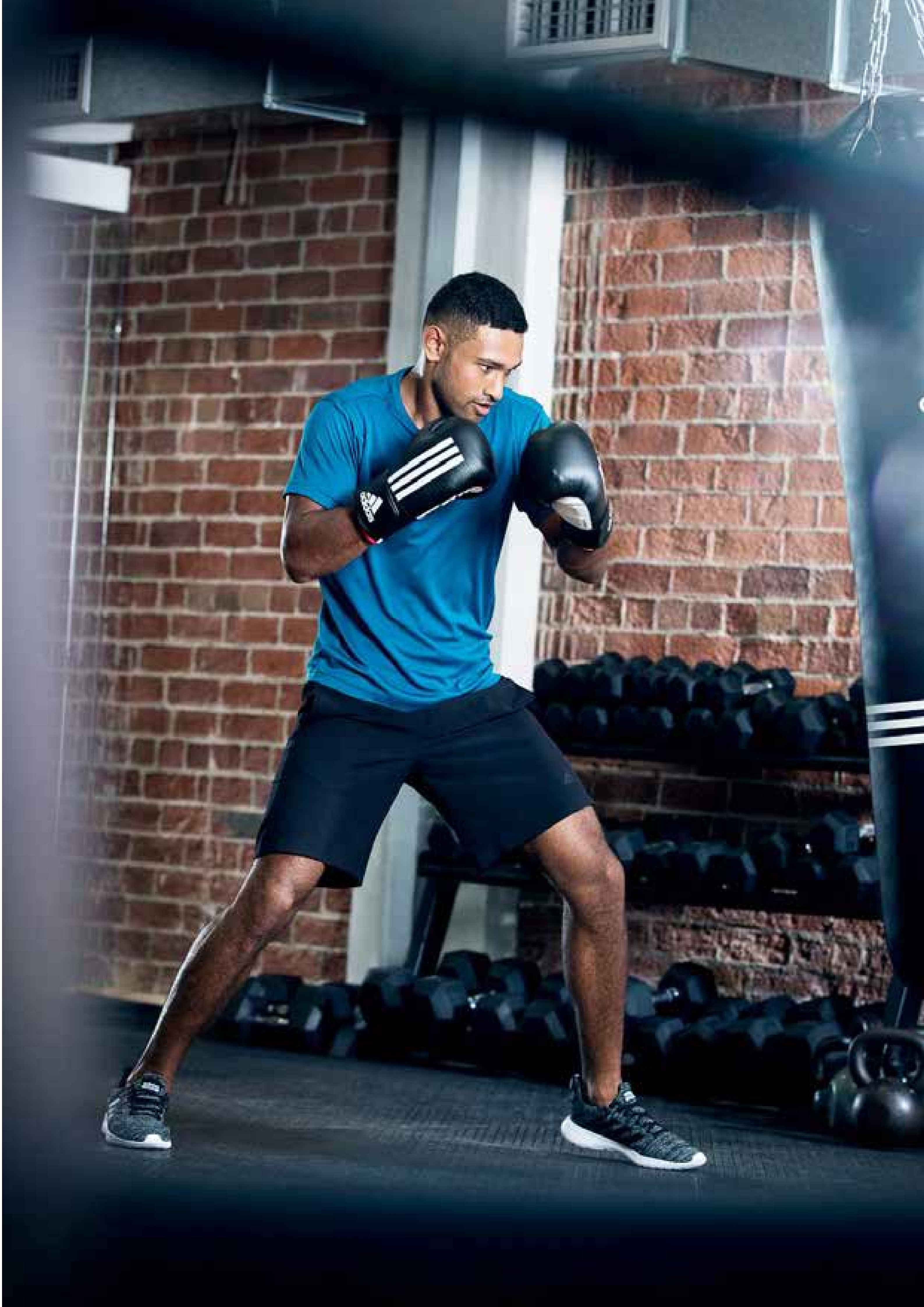
Our generous customers, staff and suppliers support the Group's efforts to raise funds for this wonderful charity and we're proud to say that in 15 years of partnership we have raised over $7.5 million dollars together.

We provide funding to the Westpac Rescue Helicopter and support the fund-raising activities of a wide variety of local community-based charities, sports clubs and others.

Last year also saw the launch of our continuing make-over campaign to support local communities, with the first recipients being Marlborough Hospice in Blenheim and the Rotorua school for young parents.

"As a marketing team, it's initiatives like these that can really make a difference at a grass roots level."

Fiona Stewart
GM Marketing and Strategy



Papanui Christchurch
New Store set up.

Consolidated Financial Statements

For the 52 week period ended 26 January 2020

Introduction

These financial statements have been presented in a style which attempts to make them less complex and more relevant to shareholders.

We have grouped the note disclosures into six sections:

1. Basis of Preparation
2. Performance
3. Operating Assets and Liabilities
4. Investments
5. Financing and Capital Structure
6. Other Notes

Each section sets out the accounting policies applied to the relevant notes.
The purpose of this format is to provide readers with a clearer understanding of the financial affairs of the Group.
Accounting policies have been shown in shaded areas for easier identification.

Introduction and Table of Contents

For the 52 week period ended 26 January 2020

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements:

Introduction and Table of Contents

For the 52 week period ended 26 January 2020

Directors' Approval of Consolidated Financial Statements

For the 52 week period ended 26 January 2020

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 16 March 2020.

Approval by Directors

The Directors are pleased to present the Consolidated Financial Statements for Briscoe Group Limited for the 52 week period ended 26 January 2020. (Comparative period is for the 52 week period ended 27 January 2019).

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

16 March 2020

For and on behalf of the Board of Directors

Consolidated Income Statement

For the 52 week period ended 26 January 2020

	Notes	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Sales revenue		**653,017**	631,919
Cost of goods sold		**(395,515)**	(378,564)
Gross profit		**257,502**	253,355
Other operating income	2.2	**9,661**	6,994
Store expenses		**(100,342)**	(103,202)
Administration expenses		**(69,598)**	(71,152)
Earnings before interest and tax		**97,223**	85,995
Finance income		**724**	754
Finance costs		**(13,635)**	(142)
Net finance income / (costs)	5.1	**(12,911)**	612
Profit before income tax		**84,312**	86,607
Income tax expense	2.3.1	**(21,729)**	(23,214)
Net profit attributable to shareholders		**62,583**	63,393

Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)	2.4	**28.2**	28.7
Diluted earnings per share (cents)	2.4	**28.0**	28.3

The above consolidated income statement should be read in conjunction with the accompanying notes. In relation to NZ IFRS 16 the modified transition method has been applied as explained in Note 6.5.

Consolidated Statement of Comprehensive Income

For the 52 week period ended 26 January 2020

	Notes	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Net Profit attributable to shareholders		**62,583**	63,393
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	4.1	**38,513**	994
Items that may be subsequently reclassified to profit or loss:			
Fair value gain recycled to income statement from cashflow hedge reserve		**(4,077)**	(3,904)
Fair value gain taken to the cashflow hedge reserve		**3,022**	5,509
Deferred tax on fair value gain taken to income statement from cashflow hedge reserve	2.3.2	**1,142**	1,093
Deferred tax on fair value gain taken to cashflow hedge reserve	2.3.2	**(846)**	(1,543)
Total other comprehensive income		**37,754**	2,149
Total comprehensive income attributable to shareholders		**100,337**	65,542

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes. In relation to NZ IFRS 16 the modified transition method has been applied as explained in Note 6.5.

Consolidated Balance Sheet

As at 26 January 2020

	Notes	26 January 2020 $000	27 January 2019 $000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	**67,414**	80,777
Trade and other receivables	3.1.2	**3,533**	2,822
Inventories	3.1.3	**87,414**	81,017
Held-for-sale assets	3.2	**5,408**	-
Derivative financial instruments	5.2.5	**269**	793
Total current assets		**164,038**	165,409
Non-current assets			
Property, plant and equipment	3.3	**97,265**	92,016
Intangible assets	3.4	**3,464**	2,520
Right-of-use assets	3.5.1	**266,001**	-
Deferred tax	2.3.2	**11,676**	3,418
Investment in equity securities	4.1	**154,104**	101,989
Total non-current assets		**532,510**	199,943
TOTAL ASSETS		**696,548**	365,352
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.4	**81,260**	83,754
Lease liabilities	3.5.3	**17,744**	-
Taxation payable	2.3.2	**4,895**	6,830
Derivative financial instruments	5.2.5	**1,014**	448
Total current liabilities		**104,913**	91,032
Non-current liabilities			
Trade and other payables	3.1.4	**852**	779
Lease liabilities	3.5.3	**278,664**	-
Total non-current liabilities		**279,516**	779
TOTAL LIABILITIES		**384,429**	91,811
NET ASSETS		**312,119**	273,541
EQUITY			
Share capital	5.3.2	**60,752**	58,929
Cashflow hedge reserve	5.2.5	**(519)**	240
Equity-based remuneration reserve	6.2.3	**841**	1,097
Other reserves	5.3.4	**66,251**	27,738
Retained earnings		**184,794**	185,537
TOTAL EQUITY		**312,119**	273,541

The above consolidated balance sheet should be read in conjunction with the accompanying notes. In relation to NZ IFRS 16 the modified transition method has been applied as explained in Note 6.5.

Consolidated Statement of Cash Flows

For the 52 week period ended 26 January 2020

	Notes	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**652,701**	631,881
Rent received		**12**	589
Dividends received		**6,832**	6,405
Premium received from KMD rights issue		**2,720**	-
Interest received		**850**	748
Insurance recovery		**97**	-
		663,212	639,623
Cash was applied to			
Payments to suppliers		**(450,085)**	(458,458)
Payments to employees		**(75,593)**	(70,649)
Interest paid		**(13,631)**	(142)
Net GST paid		**(20,310)**	(20,405)
Income tax paid		**(24,085)**	(24,249)
		(583,704)	(573,903)
Net cash inflows from operating activities		**79,508**	65,720
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**11**	4,905
		11	4,905
Cash was applied to			
Purchase of property, plant and equipment	3.3	**(17,410)**	(19,632)
Purchase of intangible assets		**(1,768)**	(1,959)
Investment in equity securities	4.1	**(13,602)**	(5,568)
		(32,780)	(27,159)
Net cash outflows from investing activities		**(32,769)**	(22,254)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	5.3.2	**1,620**	2,178
Net proceeds from borrowings		**-**	-
		1,620	2,178
Cash was applied to			
Dividends paid	5.3.3	**(45,494)**	(43,090)
Lease liability payments		**(16,264)**	-
		(61,758)	(43,090)
Net cash outflows from financing activities		**(60,138)**	(40,912)
Net increase in cash and cash equivalents		**(13,399)**	2,554
Cash and cash equivalents at beginning of period		**80,777**	78,193
Effect of exchange rate changes on cash and cash equivalents		**36**	30
Cash and cash equivalents at period end	3.1.1	**67,414**	80,777

Consolidated Statement of Cash Flows (continued)

For the 52 week period ended 26 January 2020

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**62,583**	63,393
Items not involving cash flows		
Depreciation and amortisation expense	**27,326**	6,784
Adjustment for fixed increase leases / inducements	**(790)**	13
Bad debts and movement in doubtful debts	**95**	128
Inventory adjustments	**510**	(435)
Amortisation of equity-based remuneration	**273**	483
Loss on disposal of assets	**148**	56
	27,562	7,029
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	**(806)**	(213)
Decrease (increase) in inventories	**(6,907)**	(6,088)
Increase (decrease) in taxation payable	**(1,935)**	(150)
Increase (decrease) in trade payables	**2,925**	(350)
Increase (decrease) in other payables and accruals	**(3,914)**	2,099
	(10,637)	(4,702)
Net cash inflow from operating activities	**79,508**	65,720

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. In relation to NZ IFRS 16 the modified transition method has been applied as explained in Note 6.5.

Consolidated Statement of Changes in Equity

For the 52 week period ended 26 January 2020

	Notes	Share Capital $000	Cashflow Hedge Reserve $000	Equity-Based Remuneration Reserve $000	Other Reserves $000	Retained Earnings $000	Total Equity $000
Balance at 28 January 2018		56,467	(915)	1,045	26,744	165,087	248,428
Net profit attributable to shareholders for the period		-	-	-	-	63,393	63,393
Other comprehensive income:							
Change in value of investment in equity securities	4.1	-	-	-	994	-	994
Net fair value gain taken through cashflow hedge reserve		-	1,155	-	-	-	1,155
Total comprehensive income for the period		-	1,155	-	994	63,393	65,542
Transactions with owners:							
Dividends paid	5.3.3	-	-	-	-	(43,090)	(43,090)
Share options charged to income statement	6.2.1	-	-	483	-	-	483
Share options exercised	5.3.2,6.2	2,462	-	(284)	-	-	2,178
Transfer for share options lapsed and forfeited	6.2.3	-	-	(147)	-	147	-
Balance at 27 January 2019		58,929	240	1,097	27,738	185,537	273,541
Impact of adopting NZ IFRS 16		**-**	**-**	**-**	**-**	**(18,205)**	**(18,205)**
Adjusted balance as at 28 January 2019		**58,929**	**240**	**1,097**	**27,738**	**167,332**	**255,336**
Net profit attributable to shareholders for the period		**-**	**-**	**-**	**-**	**62,583**	**62,583**
Other comprehensive income:							
Change in value of investment in equity securities	4.1	**-**	**-**	**-**	**38,513**	**-**	**38,513**
Net fair value loss taken through cashflow hedge reserve		**-**	**(759)**	**-**	**-**	**-**	**(759)**
Total comprehensive income for the period		**-**	**(759)**	**-**	**38,513**	**62,583**	**100,337**
Transactions with owners:							
Dividends paid	5.3.3	**-**	**-**	**-**	**-**	**(45,494)**	**(45,494)**
Share options charged to income statement	6.2.1	**-**	**-**	**168**	**-**	**-**	**168**
Performance rights charged to income statement	6.2.2	**-**	**-**	**105**	**-**	**-**	**105**
Share options exercised	5.3.2,6.2	**1,823**	**-**	**(203)**	**-**	**-**	**1,620**
Transfer for share options lapsed and forfeited	6.2.3	**-**	**-**	**(373)**	**-**	**373**	**-**
Deferred tax on equity-based remuneration	2.3.2,6.2.3	**-**	**-**	**47**	**-**	**-**	**47**
Balance at 26 January 2020		**60,752**	**(519)**	**841**	**66,251**	**184,794**	**312,119**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. In relation to NZ IFRS 16 the modified transition method has been applied as explained in Note 6.5.

Basis of Preparation

For the 52 week period ended 26 January 2020

1. Basis of Preparation

This section presents a summary of information considered relevant and material to assist the reader in understanding the foundations on which the financial statements as a whole have been compiled. Accounting policies specific to notes shown in other sections are included as part of that particular note.

1.1 General Information

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods. The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). Briscoe Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 1 Taylors Road, Morningside, Auckland. The Company is registered in Australia as a foreign company under the name Briscoe Group Australasia Limited and is listed on the Australian Securities Exchange as a foreign exempt entity. (NZX / ASX code: BGP).

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

These audited consolidated financial statements have been approved for issue by the Board of Directors on 16 March 2020.

1.2 General Accounting Policies

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been presented in thousands, unless otherwise stated.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting
The consolidated financial statements reported are for the consolidated Group which is the economic entity comprising Briscoe Group Limited and its subsidiaries. The Group is designated as a for-profit entity for the purposes of complying with GAAP.

Reporting period
These consolidated financial statements are in respect of the 52 week period 28 January 2019 to 26 January 2020 and provide a balance sheet as at 26 January 2020. The comparative period is in respect of the 52 week period 29 January 2018 to 27 January 2019. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week period occurring once every 5-6 years.

Principles of consolidation
Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Basis of Preparation

For the 52 week period ended 26 January 2020

Subsidiaries	Activity	2020 Interest	2019 Interest
Briscoes (New Zealand) Limited	Homeware retail	**100%**	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	**100%**	100%
Rebel Sport Limited	Name protection	**100%**	100%
Living and Giving Limited	Name protection	**100%**	100%

All companies above are incorporated in New Zealand and have a balance date consistent with that of the Company as outlined in the accounting policies.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies detailed throughout these financial statements.

Critical accounting judgements and estimates

In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected. Further explanation as to estimates and assumptions made by the Group can be found in the notes to the financial statements:

Areas of judgement and estimation	Note
Inventories	3.1.3
Leases	3.5

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in which case they are recognised in other comprehensive income as qualifying cash flow hedges.

Performance

For the 52 week period ended 26 January 2020

2. Performance

This section reports on the results and performance of the Group, providing additional information about individual items, including performance by operating segment, revenue, expenses, taxation and earnings per share.

2.1 Segment Information

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the group of executives comprising the Managing Director, Chief Operating Officer and Chief Financial Officer.

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors within which the Group operates. The Company is considered not to be a reportable operating segment. Eliminations and unallocated amounts as shown below are primarily attributable to the Company. There were no inter-segment sales in the period (2019: Nil).

Information regarding the operations of each reportable operating segment is included below. Segment profit represents the profit earned by each segment and is extracted from the income statements associated with the two trading subsidiary companies, Briscoes (NZ) Limited and The Sports Authority Limited (trading as Rebel Sport). Earnings before interest and tax (EBIT) is a non-GAAP measure and used by CODM to assess the performance of the operating segments.

For the period ended 26 January 2020

	Homeware $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	410,908	242,109	-	653,017
Gross profit	162,297	95,205	-	257,502
Earnings before interest and tax	49,390	36,447	11,386	97,223
Finance income	185	515	24	724
Finance costs	(8,944)	(4,560)	(131)	(13,635)
Net finance income / (costs)	(8,759)	(4,045)	(107)	(12,911)
Income tax expense	(11,641)	(9,075)	(1,013)	(21,729)
Net profit after tax	28,990	23,327	10,266	62,583
BALANCE SHEET ITEMS:				
Assets	337,014	220,417	139,117[1.]	696,548
Liabilities	257,717	145,045	(18,333)	384,429
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	15,332	3,846	13,602	32,780
Depreciation and amortisation expense	17,309	10,017	-	27,326

	$000
1. Investment in equity securities	*156,887*
Intercompany eliminations	*(23,159)*
Other balances	*5,389*
	139,117

Performance

For the 52 week period ended 26 January 2020

For the period ended 27 January 2019

	Homeware	Sporting goods	Eliminations/ Unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	403,159	228,760	-	631,919
Gross profit	162,170	91,185	-	253,355
Earnings before interest and tax	46,689	31,062	8,244	85,995
Finance income	177	537	40	754
Finance costs	-	-	(142)	(142)
Net finance income / (costs)	177	537	(102)	612
Income tax expense	(13,256)	(8,849)	(1,109)	(23,214)
Net profit after tax	33,610	22,750	7,033	63,393
BALANCE SHEET ITEMS:				
Assets	155,031	107,444	102,877[1.]	365,352
Liabilities	56,287	39,399	(3,875)	91,811
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	19,443	2,148	5,568	27,159
Depreciation and amortisation expense	4,720	2,064	-	6,784

	$000
1. Investment in equity securities	*101,989*
Intercompany eliminations	*(812)*
Other balances	*1,700*
	102,877

2.2 Income and Expenses

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of Goods and Services Tax (GST), and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods - retail

For all sales, control is considered to pass to the customer at the point when the customer can use or otherwise benefit from the goods and services. For in-store sales, control passes to the customer at point of sale. For online sales, the order along with delivery to the customer are considered to comprise a single performance obligation, therefore control is considered to pass to the customer on delivery of the goods. Retail sales are predominantly by credit card, debit card or in cash.

Rental income

Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the period of the lease.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Performance

For the 52 week period ended 26 January 2020

Profit before income tax includes the following specific income and expenses:

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Income		
Rental income	**12**	589
Dividends received	**6,832**	6,405
Premium from KMD rights issue	**2,720**	-
Insurance recovery	**97**	-
Expenses		
Depreciation of property, plant and equipment	**6,594**	5,981
Amortisation of software costs	**824**	803
Depreciation of right-of-use assets	**19,908**	-
Interest on leases	**13,504**	-
Operating lease rental expense	**1,215**	29,903
Wages, salaries and other short-term benefits	**73,712**	72,905
Equity-based remuneration (refer also Note 6.2)	**273**	483
Amounts paid to auditors:		
Statutory Audit	**108**	128
Half year review	**26**	26
Other services	**-**	134

2.3 Taxation

Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in New Zealand, being the country where the Group operates and generates taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legal enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Performance

For the 52 week period ended 26 January 2020

Goods and Services Tax (GST)

The income statement, statement of comprehensive income and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

2.3.1 Taxation – Income statement

The total taxation charge in the income statement is analysed as follows:

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
(a) Income tax expense		
Current tax expense:		
Current tax	**21,994**	23,376
Adjustments for prior periods	**156**	723
	22,150	24,099
Deferred tax expense:		
Decrease in future tax benefit current period	**(294)**	(142)
Adjustments for prior periods	**(127)**	(743)
	(421)	(885)
Total income tax expense	**21,729**	23,214
(b) Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	**84,312**	86,607
Tax at the corporate rate of 28% (2019: 28%)	**23,607**	24,250
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:	**(1,906)**	(1,016)
Tax effect of disposal of buildings	**-**	-
Prior period adjustments	**28**	(20)
Total income tax expense	**21,729**	23,214

The Group has no tax losses (2019: Nil) and no unrecognised temporary differences (2019: Nil).

Performance

For the 52 week period ended 26 January 2020

2.3.2 Taxation – Balance sheet

(a) Deferred Taxation

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior period:

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Net lease liability $000	Total $000
At 28 January 2018	(194)	2,821	356	-	2,983
Credited to the income statement	32	853	-	-	885
Net charged to other comprehensive income	-	-	(450)[1.]	-	(450)
At 27 January 2019	(162)	3,674	(94)	-	3,418
Impact of adopting NZ IFRS 16	**-**	**-**	**-**	**7,494**	**7,494**
Credited / (charged) to the income statement	**64**	**(663)**	**-**	**1,020**	**421**
Credited to equity	**-**	**47**	**-**	**-**	**47**
Net charged to other comprehensive income	**-**	**-**	**296**[1.]	**-**	**296**
At 26 January 2020	**(98)**	**3,058**	**202**	**8,514**	**11,676**

1. Net credited to other comprehensive income comprises deferred tax on fair value gain taken to income statement of $1,141,574 (2019: deferred tax on fair value gain of $1,093,249) and deferred tax on fair value gain taken to cash flow hedge reserve of $846,031 (2019: deferred tax on fair value gain of $1,542,469)

(b) Taxation payable

The following is the analysis of the movements in the taxation payable balance during the current and prior period:

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Movements:		
Balance at beginning of period	**(6,830)**	(6,980)
Current tax	**(22,150)**	(24,099)
Tax paid	**23,761**	23,932
Foreign investor tax credit (FITC)	**324**	317
Balance at end of period	**(4,895)**	(6,830)

Performance

For the 52 week period ended 26 January 2020

2.3.3 Imputation credits

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Imputation credits available for use in subsequent accounting periods:	**92,284**	85,445

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the provision for income tax,
- Imputation debits that will arise from the payment of dividends recognised as liabilities at the reporting date, and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the Company if subsidiaries paid dividends.

2.4 Earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is computed by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted EPS adjusts for any commitments the Group has to issue shares in the future that would decrease the Basic EPS. These are in the form of share options. Diluted EPS is therefore computed by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if share options to issue ordinary shares were exercised and converted into shares.

	Period ended 26 January 2020	Period ended 27 January 2019
Net profit attributable to shareholders $000	**62,583**	63,393
Basic		
Weighted average number of ordinary shares on issue (thousands)	**221,998**	221,130
Basic earnings per share	**28.2 cents**	28.7 cents
Diluted		
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**223,872**	224,207
Diluted earnings per share	**28.0 cents**	28.3 cents

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3. Operating Assets and Liabilities

This section reports the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in note 5. Assets and liabilities in relation to deferred taxation and taxation payable are shown in note 2.3. The carrying amounts of financial assets and liabilities are equivalent to their fair value unless otherwise stated.

3.1 Working Capital

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as cash, trade and other receivables, inventories and trade and other payables.

3.1.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Cash at bank or in hand	**67,414**	80,777

As at 26 January 2020 the Group held foreign currency equivalent to NZ$2.372 million (2019: NZ$1.820 million) which is included in the table above. The foreign currency in which the Group deals primarily is the US Dollar.

3.1.2 Trade and other receivables

Trade receivables arise from sales made to customers on credit or through the collection of purchasing rebates from suppliers not otherwise deducted from suppliers' payable accounts. Trade receivables are recognised initially at the value of the invoice sent to the customer (fair value) and subsequently at the amounts considered recoverable (amortised cost). Trade receivable balances are reviewed on an on-going basis.

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Trade receivables	**611**	513
Prepayments	**2,198**	1,612
Other receivables	**724**	697
Total trade and other receivables	**3,533**	2,822

No interest is charged on trade receivables.

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3.1.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Group assesses the likely residual value of inventory. Stock provisions are recognised for inventory which is expected to sell for less than cost and also for the value of inventory likely to have been lost to the business through shrinkage between the date of the last applicable stocktake and balance date. In recognising the provision for inventory, judgement has been applied by considering a range of factors including historical results, current trends and specific product information from buyers.

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Finished goods	**90,204**	84,816
Inventory provisions and adjustments	**(2,790)**	(3,799)
Net inventories	**87,414**	81,017

3.1.4 Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial period, which are unpaid.

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier (fair value). The carrying value of trade payables is considered to approximate fair value as the amounts are unsecured and are usually paid within 60 days of recognition.

Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Bonus plans

A liability is recognised for bonuses payable to employees where a contractual obligation arises for an agreed level of payment dependent on both company and individual performance criteria.

Long service leave

The liability for long service leave is recognised as a non-current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, history of employee departure rates and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions relate to returns in relation to sales of goods directly imported by the Group and are expected to be fully utilised within the next twelve months. Provisions relating to inventory, receivables and employee benefits have been treated as part of those specific balances. There are no other provisions relating to these financial statements.

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Trade payables	**60,434**	57,509
Employee entitlements	**10,463**	12,344
Other payables and accruals	**11,107**	14,562
Provisions	**108**	118
Total trade and other payables	**82,112**	84,533

Shown in balance sheet as:		
Current liabilities	**81,260**	83,754
Non-current liabilities	**852**	779
Total trade and other payables	**82,112**	84,533

3.2 Held-for-sale Assets

Held-for-sale assets are assets that are available for immediate sale in their present condition, subject only to normal sale terms, and for which there is a high probability that they will be offered for sale or sold. The Group measures a held-for-sale asset at the lower of carrying value and fair value less costs to sell.

Held-for-sale assets were:

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Property	**5,408**	-

The held-for-sale assets at balance date related to Group owned property in Nelson and Napier. A sale and purchase agreement for the Nelson property was signed on 11 July 2018 and management have approved the sale of the Napier property for which settlement within twelve months is highly probable.

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3.3 Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.
Costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of an item can be measured reliably.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of assets are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives, as follows:

- Freehold buildings 33 years
- Plant and equipment 3 - 15 years

Property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, or value in use.

The Group assesses whether there are indications, for example loss-making stores, for certain trigger events which may indicate that an impairment in property, plant and equipment values exist at balance date.

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

	Land and buildings $000	Plant and equipment $000	Total $000
At 28 January 2018			
Cost	66,047	78,582	144,629
Accumulated depreciation	(4,778)	(56,523)	(61,301)
Accumulated impairment	-	(2)	(2)
Net book value	61,269	22,057	83,326
Period ended 27 January 2019			
Opening net book value	61,269	22,057	83,326
Additions	16,113	3,519	19,632
Disposals	(4,894)	(67)	(4,961)
Depreciation charge	(1,075)	(4,906)	(5,981)
Closing net book value	71,413	20,603	92,016
At 27 January 2019			
Cost	77,115	79,556	156,671
Accumulated depreciation	(5,702)	(58,953)	(64,655)
Net book value	71,413	20,603	92,016
Period ended 26 January 2020			
Opening net book value	**71,413**	**20,603**	**92,016**
Additions	**4,671**	**12,739**	**17,410**
Disposals	**-**	**(159)**	**(159)**
Reclassified as held-for-sale asset	**(5,408)**	**-**	**(5,408)**
Depreciation charge	**(1,426)**	**(5,168)**	**(6,594)**
Closing net book value	**69,250**	**28,015**	**97,265**
At 26 January 2020			
Cost	**74,853**	**85,857**	**160,710**
Accumulated depreciation	**(5,603)**	**(57,842)**	**(63,445)**
Net book value	**69,250**	**28,015**	**97,265**

Capital commitments	**Period ended 26 January 2020 $000**	**Period ended 27 January 2019 $000**
Capital commitments in relation to property, plant and equipment at balance date not provided for in the financial statements	**22,740**[1.]	7,830

1. $22.1 million relates to building contracts for the development and construction of new retail premises at 36 Taylors Road, Auckland and also at Silverdale, North Auckland.

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3.4 Intangible Assets

Intangible assets are non-physical assets used by the Group to operate the business. Software costs have a finite useful life. Software costs are capitalised and amortised on a straight-line basis over the estimated useful economic life of 2 to 5 years.

Software is the only intangible asset recorded in the financial statements. All software has been acquired externally.

3.5 Leases

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the remaining lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

Right-of-use assets are initially recognised on commencement of lease at cost, comprising the initial amount of the lease liabilities less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

Both right-of-use assets and lease liabilities are discounted applying interest rate implicit in the lease, or if this cannot be determined, the incremental borrowing rate at the commencement of the lease. To determine the incremental borrowing rate the Group have applied a blended secured and unsecured borrowing rate.
For the secured rate the Group have utilised third party financing options and adjusted for an appropriate credit spread. The unsecured rate has been based on a typical Loan-to-Value ratio for property lending.

Extension options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. Extension options held are exercisable only by the Group and not by the respective lessor.

The following tables show the movements and analysis in relation to the right-of-use assets and lease liabilities, created on the adoption of NZ IFRS 16.

3.5.1 Right-of-use assets:

	Land and Buildings $000
Opening net book value 28 January 2019	
Movements on transition	**232,699**
Additions	**53,210**
Depreciation for the period	**(19,908)**
Carrying amount 26 January 2020	**266,001**
Cost	**285,909**
Accumulated depreciation	**(19,908)**
Carrying amount 26 January 2020	**266,001**

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3.5.2 Lease liabilities:

	As at 26 January 2020 $000
Operating lease commitment at 27 January 2019 as disclosed in the Group's financial statements	141,395
Above discounted using the incremental borrowing rate at 28 January 2019	117,133
Recognition exemption for:	
Short-term leases	(1,339)
Lease contracts committed to but not yet available for use	(9,063)
Adjustments as a result of different treatment of extension and termination options	152,731
Opening lease liabilities recognised 28 January 2019	259,462
Additions	53,210
Interest for the period	13,504
Lease payments made	(29,768)
Lease liabilities 26 January 2020	296,408

3.5.3 Lease liabilities maturity analysis:

	Minimum lease payments $000	Interest $000	Present Value $000
Within one year	32,267	(14,523)	17,744
One to five years	124,075	(48,549)	75,526
Beyond five years	274,733	(71,595)	203,138
Total	431,075	(134,667)	296,408
Current			17,744
Non-current			278,664
Total			296,408

3.5.4 Lease related expenses included in the income statement:

	Period ended 26 January 2020 $000
Depreciation	19,908
Short-term leases	1,215
Interest on leases	13,504
Total	34,627

Operating Assets and Liabilities

For the 52 week period ended 26 January 2020

3.5.5 Lease payments included in the cashflow statement:

	Period ended 26 January 2020 $000
Total cash outflow in relation to leases	**29,768**

3.5.6 Sensitivity analysis

In the process of adopting NZ IFRS 16 Leases a number of judgements and estimates have been made. The Group has assumed that virtually all extension options on leases will be exercised which is consistent with the business model and past practice as the Group has consistently exercised rights of renewal on profit-making stores. This judgement has been applied unless a store closure or a decision to relocate a store is known at the time of adoption.

The most significant components of the Group's incremental borrowing rates are the base interest rates seen in the New Zealand market and the adjustment for the Group's credit risk. These assumptions were set by considering market observed corporate borrowing costs aligned to the credit standing of the Group as at the date of adoption.

The effect on the opening consolidated balance sheet as at 28 January 2019 from an increase or decrease in the incremental borrowing rate is as follows:

Incremental borrowing rate movement Weighted Average	5.17%	-1% 4.17%	-0.5% 4.67%	+0.5% 5.67%	+1% 6.17%
	Opening carrying amount **$000**	**$000**	**$000**	**$000**	**$000**
Right-of-use assets	**232,699**	**19,005**	**9,207**	**(8,660)**	**(16,813)**
Lease liabilities	**(259,462)**	**(16,327)**	**(7,953)**	**7,558**	**14,747**
Net increase / (decrease) difference right-of-use assets and lease liabilities	**(26,763)**	**2,678**	**1,254**	**(1,102)**	**(2,066)**

The effect on the consolidated income statement for the period ended 26 January 2020 from an increase or decrease in the incremental borrowing rate is as follows:

Incremental borrowing rate movement	-1% $000	-0.5% $000	+0.5% $000	+1% $000
Net profit attributable to shareholders	**210**	**99**	**(88)**	**(167)**

Investments

For the 52 week period ended 26 January 2020

4. Investments

This section explains how the Group records investments made in listed securities.

4.1 Investment in Equity Securities

During 2015 and 2018 Briscoe Group Limited acquired a total of 42,673,302 shares in Kathmandu Holdings Limited (Kathmandu) for a cost of $74,250,932. In October 2019, as part of the capital raising programmes initiated by Kathmandu in relation to their acquisition of the Rip Curl business, Briscoe Group Limited acquired a further 5,334,163 shares for a cost of $13,602,116. This increased holding represented a 16.27% ownership in Kathmandu Holdings Limited as at 26 January 2020.

These shares are equity investments, quoted in the active market, which the Group has elected to designate as a financial asset at fair value through other comprehensive income (FVOCI). An adjustment was made at period end to reflect the fair value of these shares as at 26 January 2020[1].

	$000
At 28 January 2018	95,427
Additions	5,568
Change in fair value credited to other reserves	994
At 27 January 2019	101,989
Additions	**13,602**
Change in fair value credited to other reserves	**38,513**
At 26 January 2020	**154,104**

1. Fair value determined to be $3.21 per share as per NZX closing price of Kathmandu Holdings Limited as at 24 January 2020 (2019: $2.39) (Level 1 in the fair value hierarchy).

5. Financing and Capital Structure

This section reports on the Group's funding sources and capital structure, including its balance sheet liquidity and access to capital markets.

5.1 Interest Bearing Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group has an unsecured facility with the Bank of New Zealand for $30 million. Any drawdowns are repayable in full on expiry date of the facility being 20 September 2020. Interest is payable based on the BKBM rate plus applicable margin. The facility is sufficiently flexible that the amounts can be drawn down and repaid to accommodate fluctuations in operating cash flows within overall limits, without the need for prior approval of the bank. The maximum drawdown made under the facility during the period was $15 million.

The covenants entered into by the Group require specified calculations of Group's earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at the end of each half during the financial period. Similarly EBITDA must be no less than a specified proportion of total net debt at the end of each half. The Group was in compliance with the covenants throughout the period.

There were no amounts repayable under the facility as at 26 January 2020. (2019: Nil)

Net finance income / (costs)	**Period ended 26 January 2020 $000**	**Period ended 27 January 2019 $000**
Interest income	**724**	754
Interest expense - leases	**(13,504)**	-
Interest expense – other	**(11)**	(10)
Other finance costs	**(120)**	(132)
Net finance income / (costs)	**(12,911)**	612

5.2 Financial Risk Management

The Group's activities expose it to various financial risks including credit risk, liquidity risk, interest rate risk and market risk (such as currency risk and equity price risk). The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain risk exposures.

5.2.1 Derivative financial instruments

Derivatives are recognised initially at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a transaction the economic relationship between hedging instruments and hedged items, and the risk management objective and strategy for undertaking various hedge transactions, are documented. An assessment is also documented, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in fair values or cash flows of hedged items.

Financing and Capital Structure

For the 52 week period ended 26 January 2020

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within cost of goods sold.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast purchase that is hedged takes place). However, when a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement within cost of goods sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within administration expenses.

5.2.2 Credit risk

Credit risk refers to the risk of a counterparty failing to discharge an obligation. In the normal course of its business, Briscoe Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash, short-term investments and derivative financial instruments with only high-credit-rated, Board-approved financial institutions. Sales to retail customers are settled predominantly in cash or by using major credit cards. Less than 1% of reported sales give rise to trade receivables. The Group holds no collateral over its trade receivables.

5.2.3 Interest rate risk

The Group has no long-term interest-bearing liabilities but does have interest rate risk exposure from periodic short-term draw-downs of established funding facilities and placements of short term deposits, as operating cash flows necessitate. The Group's short to medium term liquidity position is monitored daily and reported to the Board monthly.

5.2.4 Liquidity risk

Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level will result in the Group foregoing investment opportunities or not being able to meet its obligations in a timely manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The Group's liquidity exposure is managed by ensuring sufficient levels of liquid assets and committed facilities are maintained based on regular monitoring of a rolling 3-month daily cash requirement forecast. The Group's liquidity position fluctuates throughout the period, being strongest immediately after the end of the period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build-up of inventory as well as the interim dividend payment. The Group operates well within its available funding facilities.

The table below analyses the Group's financial liabilities and gross-settled forward foreign exchange contracts into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The cash flow hedge 'outflow' amounts disclosed in the table are the contractual undiscounted cash flows liable for payment by the Group in relation to all forward foreign exchange contracts in place at balance date. The cash flow hedge 'inflow' amounts represent the corresponding injection of foreign currency back to the Group as a result of the gross settlement on those contracts, converted using the forward rate at balance date. The carrying value shown is the net amount of derivative financial liabilities and assets as shown in the balance sheet. Changes in the carrying value affect profit when the underlying inventory to which the derivatives relate, is sold.

Financing and Capital Structure

For the 52 week period ended 26 January 2020

Trade and other payables are shown at carrying value in the table. No discounting has been applied as the impact of discounting is not significant.

An analysis detailing remaining contractual maturities for lease liabilities is shown in Note 3.5.3.

As at 26 January 2020

	3 months or less $000	3 – 6 months $000	6 – 9 months $000	9 – 12 months $000	Total $000	Carrying Value $000
Trade and other payables	**(69,233)**	**-**	**-**	**-**	**(69,233)**	**(69,233)**
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	**(17,779)**	**(16,768)**	**(27,323)**	**(2,998)**	**(64,868)**	
- inflow	**17,746**	**16,600**	**26,763**	**3,014**	**64,123**	
- Net	**(33)**	**(168)**	**(560)**	**16**	**(745)**	**(745)**

As at 27 January 2019

	3 months or less $000	3 – 6 months $000	6 – 9 months $000	9 - 12 months $000	Total $000	Carrying Value $000
Trade and other payables	(69,583)	-	-	-	(69,583)	(69,583)
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	(16,808)	(14,538)	(22,450)	(365)	(54,161)	
- inflow	17,338	14,367	22,434	367	54,506	
- Net	530	(171)	(16)	2	345	345

The cash flow hedges inflow amounts use the forward rate at balance date.

5.2.5 Market risk

Equity price risk
The Group is exposed to equity price risk arising from the investment held in Kathmandu Holdings Limited, classified in the balance sheet as investment in equity securities. (Refer note 4.1).

Foreign exchange risk
The Group is exposed to foreign exchange risk arising from currency exposures primarily to the US dollar, in respect of purchases of inventory directly from overseas suppliers.

The Group's foreign exchange risk is managed in accordance with Board-approved Group Treasury Risk Management Policies. The current policy requires hedging of both committed and forecasted foreign currency payment levels across the current and subsequent three calendar quarters. The policy is to cover 100% of committed purchases and lower levels of forecasted purchases depending on which quarter the forecasted exposure relates to. Hedging is reviewed regularly and reported to the Board monthly.

The Group uses forward foreign exchange contracts and maintains short-term holdings of foreign currencies in foreign denominated currency bank accounts, with major financial institutions only, to hedge its foreign exchange risk in anticipation of future purchases.

The following table shows the fair value of forward foreign exchange contracts held by the Group as derivative financial instruments at balance date.

Financing and Capital Structure

For the 52 week period ended 26 January 2020

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Current assets		
Forward foreign exchange contracts	**269**	793
Total current derivative financial instrument assets	**269**	793
Current liabilities		
Forward foreign exchange contracts	**1,014**	448
Total current derivative financial instrument liabilities	**1,014**	448

The contracts are subject to an enforceable master netting arrangement, which allows for net settlement of the relevant assets and liabilities. For financial reporting purposes these are not offset.

Forward foreign exchange contracts – cash flow hedges

Where forward foreign exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial period as the inventory for which the hedge exists, is sold.

The fair value of these contracts is determined by using valuation techniques as they are not traded in an active market. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value is determined by mark-to-market valuations using forward exchange. These derivatives have been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain their fair value are observable.

Forward foreign exchange contracts are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial period. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

At balance date these contracts are represented by assets of $269,484 (2019: $793,395) and liabilities of $1,014,488 (2019: $448,000) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $536,403 (2019: net gain $248,677). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net gain of $17,341 (2019: net loss of $8,543). The total of these net gains and losses amount to a net loss of $519,062 (2019: net gain $240,134).

When forward foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward foreign exchange contract is recognised in the income statement.

At balance date there are no such contracts in place (2019: Nil).

5.2.6 Sensitivity analysis

Based on historical movements and volatilities and review of current economic commentary the following movements are considered reasonably possible over the next 12 month period:

- A shift of -10% / +5% (2019: -10% / +5%) in the NZD against the USD, from the period-end rate of 0.6617 (2019: 0.6761),
- A shift of -0.25% / +0.25% (2019: -0.25% / +0.25%) in market interest rates from the period-end weighted average deposit rate of 1.51% (2019: 2.27%).
- A shift of -10% / +20% (2019: -10% / +20%) in the NZX share price of Kathmandu Holdings Ltd from the period-end closing share price of $3.21 (2019: $2.39)

If these movements were to occur, the positive / (negative) impact on consolidated profit after tax and consolidated equity for each category of financial instrument held at balance date is presented below.

Financing and Capital Structure

For the 52 week period ended 26 January 2020

As at 26 January 2020

		Interest rate				Foreign exchange rate		Equity price	
	Carrying amount $000	-0.25% Profit $000	-0.25% Equity $000	+0.25% Profit $000	+0.25% Equity $000	-10% Equity $000	+5% Equity $000	-10% Equity $000	+20% Equity $000
Financial Assets:									
Cash and cash equivalents[1.]	**67,414**	**(117)**	**(117)**	**117**	**117**	**190**	**(81)**	**-**	**-**
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**269**	**-**	**-**	**-**	**-**	**1,899**	**(813)**	**-**	**-**
Investment in equity securities[3.]	**154,104**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,410)**	**30,821**
Financial Liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**1,014**	**-**	**-**	**-**	**-**	**3,221**	**(1,383)**	**-**	**-**
Total increase / (decrease)		**(117)**	**(117)**	**117**	**117**	**5,310**	**(2,277)**	**(15,410)**	**30,821**

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

As at 27 January 2019

		Interest rate				Foreign exchange rate		Equity price	
	Carrying amount $000	-0.25% Profit $000	-0.25% Equity $000	+0.25% Profit $000	+0.25% Equity $000	-10% Equity $000	+5% Equity $000	-10% Equity $000	+20% Equity $000
Financial Assets:									
Cash and cash equivalents[1.]	80,777	(142)	(142)	142	142	146	(62)	-	-
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	793	-	-	-	-	2,565	(1,050)	-	-
Investment in equity securities[3.]	101,989	-	-	-	-	-	-	(10,199)	20,398
Financial Liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	448	-	-	-	-	1,844	(761)	-	-
Total increase / (decrease)		(142)	(142)	142	142	4,555	(1,873)	(10,199)	20,398

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

1. Cash and cash equivalents include deposits at call which are at floating interest rates.

2. Derivatives designated as cashflow hedges are foreign exchange contracts used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit or loss sensitivity as the hedges are 100% effective.

3. Investment in equity securities represents shares held in Kathmandu Holdings Ltd. There is no profit or loss sensitivity as impacts from changes in KMD's share price are accounted for through equity.

Financing and Capital Structure

For the 52 week period ended 26 January 2020

5.3 Equity

5.3.1 Capital risk management

The Group's capital comprises contributed equity, reserves and retained earnings.

The Group's objective when managing capital is to achieve a balance between maximising shareholder wealth and ensuring the Group is able to operate competitively with the flexibility to take advantage of growth opportunities as they arise. In order to meet these objectives the Group may adjust the amount of dividend payments made to shareholders and/or seek to raise capital through debt and/or equity. There are no specific banking or other arrangements which require the Group to maintain specified equity levels.

5.3.2 Share capital

Share capital comprises ordinary shares only. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

Contributed equity – ordinary shares

	No. of authorised shares		Share capital	
	Period ended 26 January 2020	Period ended 27 January 2019	Period ended 26 January 2020	Period ended 27 January 2019
	Shares	Shares	$000	$000
Opening ordinary shares	**221,599,500**	220,794,500	**58,929**	56,467
Issue of ordinary shares arising from the exercise of options	**589,000**	805,000	**1,823**[1.]	2,462[1.]
Balance at end of period	**222,188,500**	221,599,500	**60,752**	58,929

1. When options are exercised the amount in the share options reserve relating to those options exercised, together with the exercise price paid by the employee, is transferred to share capital. The amounts transferred for the 589,000 shares issued during the period ended 26 January 2020 were $202,970 and $1,619,750 respectively (2019: $284,059 and $2,178,550 respectively for the 805,000 shares issued).

Financing and Capital Structure

For the 52 week period ended 26 January 2020

5.3.3 Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

	Period ended 26 January 2020 Cents per share	Period ended 27 January 2019 Cents per share	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Interim dividend for the period ended 26 January 2020	**8.50**	-	**18,881**	-
Final dividend for the period ended 27 January 2019	**12.00**	-	**26,613**	-
Interim dividend for the period ended 27 January 2019	-	8.00	-	17,689
Final dividend for the period ended 28 January 2018	-	11.50	-	25,401
Balance at end of period	**20.50**	19.50	**45,494**	43,090

All dividends paid were fully imputed (refer also to Note 2.3.3 for imputation credits available for use in subsequent periods). Supplementary dividends of $323,716 (2019: $316,690) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 16 March 2020 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 26 January 2020. The dividend will be paid at a rate of 12.50 cents per share for all shares on issue as at 23 March 2020, with full imputation credits attached.

5.3.4 Reserves and retained earnings

Cashflow hedge reserve

The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in the accounting policy in section 5.2. The amounts are recognised as profit or loss when the associated hedged transaction affects profit or loss. (Refer also to the consolidated statement of changes in equity).

Equity-based remuneration reserve

The equity-based remuneration reserve is used to recognise the fair value of share options and performance rights granted but not exercised, lapsed or forfeited. Amounts are transferred to share capital when vested share options or performance rights are exercised. (Refer also to the consolidated statement of changes in equity, and note 6.2).

Other reserves

Other reserves represents the adjustment made at balance date to reflect the fair value of the investment in Kathmandu Holdings Limited. (Refer also to the consolidated statement of changes in equity and note 4.1).

Other Notes

For the 52 week period ended 26 January 2020

6. Other Notes

6.1 Related Party Transactions

6.1.1 Parent and ultimate controlling party

Briscoe Group Limited is the immediate parent, ultimate parent and controlling party for all companies in the Group.

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Company have been eliminated. No interest is charged on internal current accounts. All transactions with related parties were in the normal course of business and were provided on normal commercial terms.

The Group undertook transactions with the following related parties as detailed below:

- The RA Duke Trust, of which RA Duke is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $645,000 (2019: $645,000) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of $564,598 (2019: $535,164) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited.
- The RA Duke Trust received dividends of $35,035,134 (2019: $33,283,012).
- P Duke, spouse of the Managing Director, received payments of $65,000 (2019: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments of $825,000 (2019: $825,000) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.

6.1.2 Key management personnel

Key management includes the Directors of the Company and those employees who the Company has deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013, namely the Chief Financial Officer, the Chief Operating Officer and the General Manager Human Resources.

Key management compensation was as follows:

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Salaries and other short-term employee benefits	**2,274**	2,748
Equity-based remuneration	**79**	117
Directors' fees	**295**	357
Total benefits	**2,648**	3,222

Key management did not receive any termination benefits during the period (2019: Nil).
Key management did not receive and are not entitled to receive any post-employment or long-term benefits (2019: Nil).
Executives included in key management received dividends of $239,766 (2019: $250,812) in relation to Briscoe Group shares held.

Other Notes

For the 52 week period ended 26 January 2020

6.1.3 Directors' fees and dividends

Directors received Directors' fees and dividends in relation to their personally held shares as detailed below:

	Period ended 26 January 2020		Period ended 27 January 2019	
	Directors' fees	Dividends	Directors' fees	Dividends
	$000	$000	$000	$000
Executive Director				
RA Duke	**-**	**-**	-	-
Non-Executive Directors				
RPO'L Meo	**132**	**-**	128	-
MM Devine[1.]	**12**	**1**	75	2
AD Batterton	**74**	**-**	78	-
RAB Coupe	**77**	**2**	76	2
	295	**3**	357	4

The following directors received dividends in relation to their non-beneficially held shares as detailed below:

	Period ended 26 January 2020	Period ended 27 January 2019
	$000	$000
Executive Director		
RA Duke	**35,035**	33,283
Non-Executive Directors		
RPO'L Meo	**21**	19
MM Devine[1.]	**-**	-
AD Batterton	**4**	3
RAB Coupe	**-**	-

1. Mary Devine resigned as a Director effective from 31 March 2019

Other Notes

For the 52 week period ended 26 January 2020

6.2 Employee Share-Based Remuneration

6.2.1 Equity settled share options

The Executive Share Option Plan allows Group employees to be granted options to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in the equity-based payment reserve. The fair value is measured at grant date and amortised over the vesting periods. The fair value of the options granted is measured using the Black Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised the amount in the equity-based payment reserve relating to those options, together with the exercise price paid by an employee, is transferred to share capital. When any share options lapse upon employee termination, the amount in the share-based payments reserve relating to those rights is transferred to retained earnings.

On 25 July 2003 the Board approved an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. Options may be exercised in part or in full by the holder three years after the date of issue, and lapse after four years if not exercised. Each option entitles the holder to one ordinary share in the capital of the Company. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before and five business days after, as the Board in its discretion sees fit, either:

(a) the date on which allocations are decided by the Board; or
(b) the date on which allocations are made.

The Company does not intend to issue any further options under this plan and the final tranche was issued on 23 August 2016.

The estimated fair value for each tranche of options issued is expensed over the vesting period of three years, from the grant date. The Company has expensed in the income statement $167,910 (2019: $482,575) in relation to share options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Period ended 26 January 2020		Period ended 27 January 2019	
	Weighted average exercise price	Options	Weighted average exercise price	Options
	$ per share	$000	$ per share	$000
Opening balance	**3.09**	**2,472**	2.98	3,547
Issued	**-**	**-**	-	-
Forfeited	**3.25**	**(435)**	3.10	(40)
Exercised	**2.75**	**(589)**	2.71	(805)
Lapsed	**2.75**	**(313)**	2.64	(230)
Closing balance	**3.31**	**1,135**	3.09	2,472

The weighted average share price for options exercised during the period was $3.46 (2019: $3.41). Of the 1,135,000 outstanding options at balance date (2019: 2,472,000), 1,135,000 were exercisable (2019: 952,000).

Share options outstanding at the end of the period have the following expiry dates, exercise dates and exercise prices:

Expiry month	Exercise month	Exercise price	Period ended 26 January 2020 000	Period ended 27 January 2019 000
November 2019	November 2018	$2.75	-	952
August 2020	August 2019	$3.31	**1,135**	1,520
Total share options outstanding			**1,135**	2,472

The weighted average remaining contractual life of options outstanding at the end of the period was 0.50 years (2019: 1.21)

Other Notes

For the 52 week period ended 26 January 2020

6.2.2 Equity settled performance rights

The Senior Executive Incentive Plan grants Group employees performance rights subject to performance hurdles being met. The fair value of rights granted is recognised as an employee expense in the income statement with a corresponding increase in the employee share-based payment reserve. The fair value is measured at grant date and amortised over the vesting periods. When performance rights vest, the amount in the share-based payments reserve relating to those rights are transferred to share capital. There is no exercise price for these performance rights and there is no right to dividends during the vesting periods.

On 26 March 2019 the Board approved the Briscoe Group Senior Executive Incentive Plan to grant performance rights to key senior management personnel as a long-term incentive programme. Two tranches of performance rights have been issued under this programme during the period.

Performance rights granted are summarised below:

Tranche	Grant Date	Balance at start of period (number)	Granted during the period (number)	Vested during the period (number)	Lapsed during the period (number)	Balance at the end of period (number)
1	15 Apr 2019	-	105,780	-	-	105,780
2	26 Jun 2019	-	104,167	-	-	104,167
		-	209,947	-	-	209,947

In each tranche the performance rights are subject to a combination of an absolute Total Shareholder Return (TSR) growth hurdle and/or an EPS growth hurdle. EPS growth hurdle is considered a non-market condition. The relative hurdle weighting for each tranche is shown in the table below:

Tranche	Grant Date	TSR Weighting	EPS Weighting
1	15 Apr 2019	50%	50%
2	26 Jun 2019	50%	50%

The proportion of performance rights subject to the absolute TSR growth hurdle which may vest is dependent on Briscoe Group Limited's TSR compound annual growth rate (CAGR) across a 3-year measurement period. For each tranche that vests the rights are awarded on a straight-line basis dependent on the TSR CAGR achieved. The percentage of TSR related performance rights vest according to the following performance criteria:

% Vesting	Tranche 1	Tranche 2
0%	< 9.0% CAGR	< 10.1% CAGR
50%	= 9.0% CAGR	= 10.1% CAGR
51% - 99% (Straight-line prorata)	> 9.0%, < 13.0% CAGR	> 10.1%, < 13.0% CAGR
100%	=> 13.0% CAGR	=> 13.0% CAGR

The TSR performance is calculated across the following periods:

Tranche	Performance Period
1	Announcement date of FY 2017/18 Result to announcement date of FY 2020/21 Result
2	Announcement date of FY 2018/19 Result to announcement date of FY 2021/22 Result

Other Notes

For the 52 week period ended 26 January 2020

The fair value of the TSR performance rights have been valued under a variant of the dividend adjusted Binomial Options Pricing Model (BOPM). The fair value of TSR performance rights, along with the assumptions used to simulate the future share prices are shown below:

	Tranche 1	Tranche 2
Fair value of TSR performance rights	$18,617	$22,813
Current price at grant date	$3.34	$3.30
Risk free interest rate	1.71%	1.71%
Expected life (years)	1.9	2.8
Expected share volatility[1.]	16%	16%

1. Volatility represents the volatility of the Briscoe Group (BGP) NZD share price over the two-year period to 28 February 2019

The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from the grant date.

The proportion of performance rights subject to the EPS growth hurdle which may vest is dependent on Briscoe Group Limited's EPS compound annual growth rate (CAGR) across a 3-year measurement period. For each tranche that vests the rights are awarded on a straight-line basis dependent on the EPS CAGR achieved. The percentage of EPS related performance rights vest according to the following performance criteria:

% Vesting	Tranche 1	Tranche 2
0%	< 1.9% CAGR	< 0.8% CAGR
50%	= 1.9% CAGR	= 0.8% CAGR
51% - 99% (Straight-line prorata)	> 1.9%, < 3.0% CAGR	> 0.8%, < 2.6% CAGR
100%	=> 3.0% CAGR	=> 2.6% CAGR

The EPS performance is calculated across the following periods:

Tranche	Performance Period
1	FY 2020/21 EPS relative to FY 2017/18 EPS
2	FY 2021/22 EPS relative to FY 2018/19 EPS

The fair value of the EPS performance rights have been assessed as the Briscoe Group Limited's share price as at grant date less the present value of the dividends forecast to be paid prior to each vesting date. The fair value of each EPS performance right has been calculated to be $3.05 and $2.79 for tranche 1 and tranche 2, respectively.

The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from grant date.

Vesting of performance rights also require the employee to remain in employment with the Company during the performance period. The Company has expensed in the income statement $104,820 (2019: Nil) in relation to performance rights.

Other Notes

For the 52 week period ended 26 January 2020

6.2.3 Equity-based remuneration reserve

	Period ended 26 January 2020 $000	Period ended 27 January 2019 $000
Balance at beginning of period	**1,097**	1,045
Current period amortisation	**273**	483
Options forfeited and lapsed transferred to retained earnings	**(373)**	(147)
Options exercised transferred to share capital	**(203)**	(284)
Deferred tax on performance rights	**47**	-
Balance at end of period	**841**	1,097

Since balance date and up to the date of these financial statements a further 30,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options.

6.3 Contingent Liabilities

There were no contingent liabilities as at 26 January 2020 (2019: Nil).

6.4 Events After Balance Date

On 16 March 2020 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 26 January 2020. The dividend will be paid at a rate of 12.50 cents per share for all shares on issue as at 23 March 2020, with full imputation credits attached. (Note 5.3.3)

Since balance date and up to the date of these financial statements a further 30,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options issued to them in 2016 (refer Note 6.2).

Since balance date and up to the date of these financial statements the Kathmandu Holdings Limited (KMD) share price has decreased from $3.21 per share to $1.88 per share (per NZX closing price). At the date of these financial statements the Group's investment in KMD would be $90.3 million

The Directors note the increased significance of the COVID-19 (Coronavirus) issue since balance date. While there is no specific provision in these statements for the period ended 26 January 2020 for financial impacts in relation to COVID-19, the Group continues to monitor the situation closely.

These financial statements are those that were issued and approved on 16 March 2020. Subsequent to their issue, on 23 March 2020 Briscoe Group announced it had cancelled payment of the final dividend.

Other Notes

For the 52 week period ended 26 January 2020

6.5 New Accounting Standards

There was one new standard applied during the period which had a material impact.

- **NZ IFRS 16: Leases** (effective from annual periods beginning on or after 1 January 2019)
This standard replaces the current guidance in NZ IAS 17.

The Group adopted NZ IFRS 16 Leases on 28 January 2019 and the impacts of this adoption were disclosed in the interim financial statements of the Group for the period ended 28 July 2019.

Following the adoption there has been significant change in market practice in deriving the incremental borrowing rates. In preparing the financial statements for the period ended 26 January 2020, incremental borrowing rates have been adopted which better align to current market practice. The comparatives presented in the interim financial statements of the Group for the period ending 26 July 2020 will be restated to reflect the transition note included in these accounts.

Transition

For reporting period commencing 28 January 2019 the Group has elected to apply the modified retrospective transition method. Under this method the Group has not restated comparatives therefore reclassifications and adjustments are recognised in the opening balance sheet.

Lease liabilities are measured at the present value of remaining lease payments. The weighted average incremental borrowing rate applied to the lease liabilities on 28 January 2019 was 5.17%.
Leases entered into and identified by the Group are all property leases. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no other adjustments required to the right-of-use assets at date of initial application.

On transition, the Group applied the following practical expedients:

- The use of hindsight, in relation to stores' previous performance, to determine the lease term where the lease contains options to exercise rights of renewal out to the final term of the lease; and
- Non-capitalisation of leases that expire within twelve months from adoption date. Costs relating to these leases have been recognised in the income statement within store expenses and administration expenses.

The Group has not recognised any right-of-use assets or liabilities for leases that it was committed to but were not yet available for use by the Group.

In addition to the opening balance sheet lease liabilities and right-of-use assets impact on transition disclosed below, the Group has recognised $7,494,192 of deferred tax assets and a cumulative net impact to retained earnings of $18,204,939 as a result of the accounting standard adoption. Included in the net impact of retained earnings is a $1,065,842 reduction of fixed lease increases and incentives that have been derecognised.

For comparative period analysis purposes, the adoption of the accounting standard has affected the following items of the income statement and statement of cash flows:

- In the income statement 'finance costs' includes interest expense associated with lease liabilities and 'store expenses' and 'administration expenses' includes depreciation associated with right-of-use assets.
- In the statement of cash flows lease payments are now split between principal repayments classified within 'financing activities' and interest repayments classified within 'operating activities'. Previously lease payments were included within 'payments to suppliers' within operating activities.

Other Notes

For the 52 week period ended 26 January 2020

The tables below provide further detail in relation to the impacts of NZ IFRS 16 on the consolidated income statement and consolidated balance sheet:

TABLE 1: CONSOLIDATED INCOME STATEMENT – IMPACTS OF NZ IFRS 16								
	PERIOD ENDED 26 JANUARY 2020 ACTUAL					PERIOD ENDED 27 JANUARY 2019 ACTUAL	VARIANCE January 2020 vs January 2019	
	Previous classification	Adjustments under NZ IFRS 16			**NZ IFRS 16 classification**		Previous classification	NZ IFRS 16 classification
		Back out rental expense	Include lease depreciation	Include lease finance cost				
	$000	$000	$000	$000	$000	$000	$000	$000
Sales revenue	653,017	-	-	-	**653,017**	631,919	21,098	21,098
Cost of goods sold	(395,515)	-	-	-	**(395,515)**	(378,564)	(16,951)	(16,951)
Gross profit	257,502	-	-	-	**257,502**	253,355	4,147	4,147
Other income	9,661	-	-	-	**9,661**	6,994	2,667	2,667
Store expenses	(109,916)	28,813	(19,239)	-	**(100,342)**	(103,202)	(6,714)	2,860
Administration expenses	(70,161)	1,232	(669)	-	**(69,598)**	(71,152)	991	1,554
Earnings before interest and tax	87,086	30,045	(19,908)	-	**97,223**	85,995	1,091	11,228
Finance income	724	-	-	-	**724**	754	(30)	(30)
Finance costs	(131)	-	-	(13,504)	**(13,635)**	(142)	11	(13,493)
Net finance income / (costs)	593	-	-	(13,504)	**(12,911)**	612	(19)	(13,523)
Profit before income tax	87,679	30,045	(19,908)	(13,504)	**84,312**	86,607	1,072	(2,295)
Income tax expense	(22,672)	(8,412)	5,574	3,781	**(21,729)**	(23,214)	542	1,485
Net profit attributable to shareholders	65,007	21,633	(14,334)	(9,723)	**62,583**	63,393	1,614	(810)

TABLE 2: CONSOLIDATED BALANCE SHEET – IMPACTS OF NZ IFRS 16			
	FULL YEAR AS AT 26 JANUARY 2020		
	Previous classification $000	NZ IFRS 16 classification $000	Difference $000
ASSETS			
Current assets			
Cash and cash equivalents	67,414	**67,414**	-
Trade and other receivables	3,533	**3,533**	-
Inventories	87,414	**87,414**	-
Held-for-sale assets	5,408	**5,408**	-
Derivative financial instruments	269	**269**	-
Total current assets	**164,038**	**164,038**	-
Non-current assets			
Property, plant and equipment	97,265	**97,265**	-
Intangible assets	3,464	**3,464**	-
Right-of-use assets	-	**266,001**	266,001
Deferred tax	3,240	**11,676**	8,436
Investment in equity securities	154,104	**154,104**	-
Total non-current assets	**258,073**	**532,510**	**274,437**
TOTAL ASSETS	**422,111**	**696,548**	**274,437**
LIABILITIES			
Current liabilities			
Trade and other payables	82,601	**81,260**	(1,341)
Lease liabilities	-	**17,744**	17,744
Taxation payable	4,895	**4,895**	-
Derivative financial instruments	1,014	**1,014**	-
Total current liabilities	**88,510**	**104,913**	**16,403**
Non-current liabilities			
Trade and other payables	852	**852**	-
Lease liabilities	-	**278,664**	278,664
Total non-current liabilities	**852**	**279,516**	**278,664**
TOTAL LIABILITIES	**89,362**	**384,429**	**295,067**
NET ASSETS	**332,749**	**312,119**	**(20,630)**
EQUITY			
Share capital	60,752	**60,752**	-
Cashflow hedge reserve	(519)	**(519)**	-
Equity-based remuneration reserve	841	**841**	-
Other reserves	66,251	**66,251**	-
Retained earnings	205,424	**184,794**	(20,630)
TOTAL EQUITY	**332,749**	**312,119**	**(20,630)**

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Independent auditor's report

To the shareholders of Briscoe Group Limited

We have audited the consolidated financial statements which comprise:

- the consolidated balance sheet as at 26 January 2020;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements, which include the general accounting policies

Our opinion

In our opinion, the accompanying consolidated financial statements of Briscoe Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 26 January 2020, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

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Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Overall Group materiality: $4.2 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We have determined that there are two key audit matters:

- Inventory existence and valuation
- Adoption of the accounting standard NZ IFRS 16 Leases

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Inventory existence and valuation At 26 January 2020, the Group held inventories of $87.4 million. Given the size of inventory relative to the total assets of the Group, the number of stores and judgement applied in valuation, inventory is a key audit matter. As described in note 3.1.3 of the consolidated financial statements, inventories are stated at the lower of cost and net realisable value. The Group has sophisticated systems and processes to accurately record inventory movement and costing. Cyclical counts of inventory are performed at various times throughout the period ensuring that all inventory at stores is counted twice a year. Management pays particular attention in ensuring the Group has the right levels of inventory as well as applying judgement over inventory adjustments, in particular the level of provisions for inventory which is expected to sell for less than cost, stock obsolescence and inventory likely to have been lost through shrinkage since the last stocktake.	We performed a number of audit procedures to address inventory existence and valuation: • Gained an understanding of inventory processes and assessed the design and implementation of key inventory controls over the stocktake process. • Observed management's stocktake process at selected locations throughout the period and undertook our own test counts. For those locations not visited, on a sample basis, inspected the results of stock counts and confirmed stock count variances were correctly accounted for. • On a sample basis, tested inventory costing to supplier invoices and contracts. • Held discussions with management, including merchandising personnel, to understand and corroborate the assumptions applied in estimating inventory provisions. • Tested the aging of inventory based on purchase date to supplier invoices to ensure slow moving inventory has been adequately identified. • Tested that period-end inventory is carried at lower of cost and net realisable value by testing a sample of inventory items to the most recent retail price less costs to sell. • Assessed the inventory shrinkage provision by reviewing the level of inventory write downs during the period. We tested the shrinkage rate used to calculate the provision for each store since the last stocktake by comparing it to the actual shrinkage rates previously observed. • In addition to the above, performed substantive analytical procedures over all material inventory provisions to assess adequacy. From the procedures performed we have no matters to report.

Key audit matter	How our audit addressed the key audit matter
Adoption of the accounting standard NZ IFRS 16 Leases The Group adopted NZ IFRS 16 *Leases* on 28 January 2019. The standard requires the recognition of a right of use asset and lease liability on the balance sheet for all leases. Previously operating leases were not recognised on the balance sheet. The adoption of the standard has resulted in the recognition of a right of use asset of $232.7 million and a lease liability of $259.5 million. As outlined in Note 3.5 and 6.5, a number of judgements and estimates have been made by management in establishing these opening values. These comprise: • incremental borrowing rates at the time of adoption, • lease terms, including any rights of renewal expected to be exercised, and • application of practical expedients in respect of low value assets and short term lease exemptions. This was considered an area of focus for our audit due to the complexity, number of leases and number of significant judgements and estimations inherent in the calculation.	We have performed the following audit procedures: • held discussions with management to understand the implementation process, including the basis for key assumptions used in the calculation of opening balances and management's process including controls; • performed testing, on a sample basis, of the accuracy of information included in the calculations by comparing them to the terms in the underlying lease contract; • tested completeness of the identified lease contracts by checking that leased stores and other major leased assets were included in the calculation; • on a sample basis, recalculated the right-of-use asset and lease liability for individual leases; • recalculated the expected deferred tax impact on date of adoption; • reviewed assumptions used to determine the lease term including rights of renewal and assessed whether they were supported by past practice and current business plans; • reviewed the appropriateness of practical expedients applied for exclusion of low value and short term lease exemptions; and • reviewed the appropriateness of disclosures in the financial statements, including note 3.5 and 6.5. In relation to the incremental borrowing rates, we performed the following procedures: • engaged our auditor's valuation expert to assess the appropriateness of the discount rates used; and • tested management's sensitivity analysis calculations pertaining to the incremental borrowing rate for disclosure purposes. We have no matters to report.

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Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue 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 (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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 shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Indumin Senaratne (Indy Sena). For and on behalf of:

Chartered Accountants
16 March 2020

Auckland

Corporate Governance Statement

Corporate Governance

Briscoe Group is committed to maintaining the highest standards of governance by implementing best practice structures and policies. This Corporate Governance Statement sets out the corporate governance polices, practices and processes adopted or followed by Briscoe Group (including the guiding principles, authority, responsibilities, membership and operation of the Board of Directors) as at 26 January 2020 and has been approved by the Board.

The best practice principles (and underlying recommendations) which Briscoe Group has had regard to in determining its governance approach, are the principles set out in the NZX Corporate Governance Code ('NZX Code'). The Board's view is that Briscoe Group's corporate governance policies, practices and processes generally follow the recommendations set by the NZX Code. This Corporate Governance Statement includes disclosure of the extent to which Briscoe Group has followed each of the recommendations in the NZX Code (or, if applicable, an explanation of why a recommendation was not followed and any alternative practices followed in lieu of the recommendation).

Briscoe Group Limited is a company incorporated in New Zealand and is also registered in Australia as a foreign company under the name Briscoe Group Australasia Limited. It is listed on the NZX and also, as a foreign exempt entity, on the Australian Securities Exchange (ASX). As such Briscoe Group is exempt from complying with most of the ASX's Listing Rules and must undertake to comply with the listing rules of its home exchange (NZX). Briscoe Group also supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Further information about Briscoe Group's corporate governance framework (including the Board and Board committee charters, and codes and selected policies referred to in this section) is available to view at www.briscoegroup.co.nz.

Principle 1 – Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Values and Conduct and Related Policies

Recommendation 1.1: The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.
Briscoe Group expects its Directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making. The Board has adopted a Code of Conduct which incorporates the requirements set out in Recommendation 1.1, forms part of the induction process for all new employees and is available on Briscoe Group's website. All Directors and employees must provide acknowledgement that they have read and understood the content. In addition, it is the intention of the Company to incorporate training in relation to the Code of Conduct into its online training modules.

Trading in Company Securities Policy

Recommendation 1.2: An issuer should have a financial product dealing policy which applies to employees and Directors.
The Trading in Company Securities Policy sets out Briscoe Group's requirements for all Directors and employees in relation to trading Briscoe Group shares, and is available on Briscoe Group's website. In general, Directors and employees are allowed to trade in Briscoe Group shares during two 'trading windows'. Trading windows commence on the day after the half-year and full-year results are announced to the market and run for a period of 60 days. Trading outside these windows is generally prohibited. Proposed transactions by Directors and employees during the trading windows require approval. The policy also provides that no Directors or employees can trade shares if they are in possession of price sensitive information that is not publicly available. The policy also outlines the requirements around the exercise of share options issued by the Company.

Principle 2 – Board Composition and Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

Recommendation 2.1: The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.
The Board has adopted a formal Board Charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on Briscoe Group's website. The Board is responsible for overseeing the management of the Company and its subsidiaries and to direct performance by optimising the short-term and long-term best interests of the Company and its Shareholders. This includes approving the Company's objectives, reviewing the major strategies for achieving them and monitoring the Company's performance. The focus of the Board is the creation of company and shareholder value and ensuring the Company is committed to best practice. Responsibility for the day-to-day management of Briscoe Group has been delegated to the Managing Director and other senior management. Management are responsible for implementing the objectives and strategies approved by the Board, within the ambit of risk set by the Board. The Company Secretary provides company secretarial services to the Board and is accountable to the Board through the Chair.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.

The Board collectively considers the nomination of Directors. In doing this, the Board's procedure involves careful consideration of the composition of the Board in relation to the Company's needs and operating environment to ensure relevant skills and experience. This also applies to the consideration of additional or replacement Directors, subject to the constitutional limitation of the number of Directors. In so doing, as noted above, the priority must be on ensuring the skills, experience and diversity on the Board, and the skills that are necessary or desirable for the Board to fulfil its governance role and to contribute to the long-term strategic direction of the company. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

When appointing new Directors, the Board ensures that the constitutional requirements in respect of Directors will continue to be satisfied. There must be at least three and no more than five Directors, at least two of whom are resident in New Zealand and also at least two Directors must be determined by the Board to be independent (as defined in the NZX Listing Rules). The Board also takes into consideration recommendation 2.8 - a majority of the Board should be independent Directors.

The constitution provides that all Directors are elected by Shareholders. Directors may be appointed by the Board to fill vacancies, but they are then subject to re-election at the next annual Shareholder meeting. In addition to Directors retiring by rotation and being eligible for re-election, nominations may be made by Shareholders. All new Directors enter into a written agreement with Briscoe Group setting out the terms of their appointment.

Directors

Recommendation 2.4: Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests.

The Board currently comprises four Directors; three independent and one Executive Director. The Board has considered which of its Directors are deemed to be independent for the purposes of the NZX Listing Rules and has determined that as at 26 January 2020, three Directors are independent Directors, including the Chair and the Chair of the Audit and Risk Committee. As at the date of this Annual Report, the Directors are:

Dame Rosanne Meo	Chair, Independent	Appointed in May 2001
Rod Duke	Executive Director	Appointed in March 1992
Tony Batterton	Independent	Appointed in June 2016
Andy Coupe	Independent	Appointed in October 2016

A profile of experience for each Director is available on Briscoe Group's website.

Directors disclosed the following relevant interests in shares as at 26 January 2020:

Director	Number of shares in which a relevant interest is held
Dame Rosanne Meo	**100,000 shares**
Rod Duke	**170,920,656 shares**
Tony Batterton	**20,000 shares**
Andy Coupe	**10,000 shares**

Diversity

Recommendation 2.5: An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

We appreciate that our workforce, including potential employees, come from all walks of life. Every individual is unique, having different skills and experiences including but not limited to educational opportunity and achievement. People come from many cultures and backgrounds, along with a wide range of other personal attributes including gender, age, disability (mental, learning, physical), economic background, language(s) spoken, marital/partnered status, physical appearance, race, religious beliefs and gender identity, or sexual orientation. Briscoe Group has a commitment to attracting, selecting, developing and retaining the most suitable employees from this diverse range of attributes. The Group's Diversity and Inclusiveness Policy is available on Briscoe Group's website.

We have a very high level of long term employees and a strong "sense of belonging within the Briscoes family". We acknowledge that the retail sector has traditionally had high representation of women in its operations and yet has been poorly represented in senior management.

Similarly, there has been an inadequate retail specific tertiary educational focus, although it has, as a sector, provided a working environment with good opportunities for family-oriented work place balance through long term part-time participation. Education is fundamental and we are pleased with the developments in this area in recent years with a number of employees having recently commenced tertiary study to support their continued development.

The Board and management recognise that diversity without inclusiveness does not result in the balanced workforce desired in the business. Briscoe Group has in place policies and procedures to encourage and support equitable treatment for all employees and includes consideration of applicants for jobs with the Group.

We acknowledge that any narrowness in diversity is not sustainable and believe that an increased emphasis on a collaborative and inclusive culture and focus on developing talent will secure this realignment. Ensuring that all employees at all levels and in all workplace environments feel secure and safe, confident and appreciated through understanding the importance of diversity is most important to us.

At Board level, diversity across the spectrum of gender, age, experience and education has been well achieved and well demonstrates our commitment.

A breakdown of the gender composition of Directors and officers as at the Company's balance date, including comparative figures, is shown below:

	26 January 2020		27 January 2019	
	Female	Male	Female	Male
Directors	1	3	2	3
Officers[1,2.]	-	3	-	3

1. Excludes Managing Director (included in breakdown of Directors).
2. Officers is defined as the members of the senior management team, who report either directly to the Board or to the Group Managing Director.

Director Training

Recommendation 2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.
The Board expects all Directors to undertake continuous education to remain current on how to best perform their responsibilities and keep abreast of changes and trends in economic, political, social, financial and legal climates and governance practices. The Board also ensures that new Directors are appropriately introduced to management and the business, that all Directors are updated on relevant industry and company issues and receive copies of appropriate company documents to enable them to perform their roles. The expectation that Directors undergo ongoing training and education is reinforced in the Board Charter.

Board Evaluation

Recommendation 2.7: The Board should have a procedure to regularly assess director, Board and committee performance.
The Chair of the Board leads an annual performance review and evaluation of the performance of Directors, the Board as a whole, and of the Board committees against the Board and committee charters, including seeking Director's views relating to Board and committee process, efficiency and effectiveness. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

Independent Directors

Recommendation 2.8: A majority of the Board should be independent directors.
The Board currently comprises four Directors; three independent and one executive Director. Further details of the Board composition are above at Recommendation 2.4.

Separation of Board Chair and CEO

Recommendation 2.9: The Chair and the CEO should be different people.
The Board Charter makes explicit that the Chairman and the Managing Director roles are separate.

Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Audit and Risk Committee

Recommendation 3.1: An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the Chair of the Board.
The Audit and Risk Committee operates under a written Charter, and this is available on Briscoe Group's website. The Audit and Risk Committee comprises Tony Batterton (Chair), Dame Rosanne Meo, Andy Coupe and Rod Duke and met two times during the year. The Audit and Risk Committee advises and assists the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Briscoe Group. The Board considers that the inclusion of the Group Managing Director as a member of the Committee provides relevant operational insight which greatly assists the Committee.

Recommendation 3.2: Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.
The Chief Financial Officer, Finance Manager and Internal Audit Manager attend Audit and Risk Committee meetings at the invitation of the Audit and Risk Committee. Briscoe Group's external auditor also attends meetings at the committee's invitation. The Audit and Risk Committee receives reports from the external auditor without management present, concerning any matters that arise in connection with the performance of management's role and otherwise as necessary to protect the independence of the Audit and Risk Committee from undue influence.

Remuneration Committee

Recommendation 3.3: An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be independent directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.

The Board operates a Human Resources Committee which incorporates remuneration. The Human Resources Committee currently comprises Andy Coupe (Chair), Dame Rosanne Meo, and Rod Duke and met three times during the year. It assists the Board in discharging its responsibilities with respect to the remuneration and performance of the Group Managing Director and other senior executives, remuneration of Directors and human resources policy and strategy. The Human Resources Committee operates under the Human Resources Committee Charter, and this is available on Briscoe Group's website. As for the Audit and Risk Committee, the Board considers the inclusion of the Managing Director as a member of the Human Resources Committee provides essential operational insight but also critical insight to executive performance and human resources strategy. The Managing Director does not participate in discussion of his own performance and remuneration. Other selected management only attend Human Resource Committee meetings at the invitation of the Human Resources Committee.

Nomination Committee

Recommendation 3.4: An issuer should establish a nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.

The Board does not operate a separate Nomination Committee as Director appointments are considered by the Board as a whole. The Board's procedure for the nomination and appointment of Directors is summarised under Principle 2 above (under the heading "Nomination and Appointment of Directors").

Overview of Board Committees

Recommendation 3.5: An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

The Board does not operate any other committees apart from the Audit and Risk Committee and the Human Resources Committee. Briscoe Group has considered whether any other standing Board committees are appropriate and has determined not. Each committee operates under a charter which is available on Briscoe Group's website. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. Any recommendations made by the committees are submitted to the full Board for formal approval. Apart from the Managing Director, relevant key executives are invited to attend Board committee meetings as appropriate.

Attendance at Board and Committee Meetings for the Year Ended 26 January 2020

	Board	Audit and Risk	Human Resources
Number of meetings held	12	2	3
	Attended	Attended	Attended
Dame Rosanne Meo	12	2	2
Rod Duke	11	2	3
Mary Devine[1.]	1	1	-
Tony Batterton	12	2	-
Andy Coupe	12	2	3

1. Mary Devine resigned as a Director effective from 31 March 2019

Takeover Protocols

Recommendation 3.6: The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer (amongst other matters).

Given Briscoe Group's shareholding structure, with the largest Shareholder being a member of the Board, the Board considers the likelihood of an unanticipated takeover to be low, and so the Board does not consider this recommendation to be necessary. However, in the event of a takeover offer, the Board has already agreed that a Takeover Response Committee would be convened comprised of Independent Directors. That committee would consider the Company's actions in relation to the takeover offer, including seeking appropriate legal, financial and strategic advice, complying with takeover regulation (including the appointment of an independent advisor under the Takeovers Code and the preparation of a Target Company Statement) and determining what additional information (if any) would be provided by the Company to the bidder.

Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Continuous Disclosure

Recommendation 4.1: An issuer's Board should have a written Continuous Disclosure Policy.

As a listed company there is an imperative to ensure the market is informed, and the listed securities are being fairly valued by the market. In addition to statutory disclosures, the company provides ongoing updates of its operations. This material is made publicly available through releases to the NZX and ASX, in accordance with the relevant Listing Rules. Briscoe Group has a Continuous Disclosure Policy, and this is available on Briscoe Group's website. The purpose of this policy is to: ensure Briscoe Group complies with its continuous disclosure obligations; ensure timely, accurate and complete information is provided to all Shareholders and market participants; and outline the responsibilities in relation to the identification, reporting, review and disclosure of material information relevant to Briscoe Group.

Charters and Policies

Recommendation 4.2: An issuer should make its code of ethics, Board and committee charters and the policies recommended by NZX Code, together with any other key governance documents, available on its website.

Information about Briscoe Group's corporate governance framework (including Code of Conduct, Board and Board committee charters, and other selected key governance codes and policies) is available to view on Briscoe Group's website.

Financial and Non-Financial Reporting

Recommendation 4.3: Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring that financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management's accountability for Briscoe Group's financial reporting is reinforced by the written confirmation from the Managing Director and Chief Financial Officer that, in their opinion, financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Briscoe Group. Such representations are given on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risk.

Non-Financial Reporting - Sustainability

Briscoe Group assesses its exposure to environmental, economic and social sustainability as part of the overall framework for managing risk (see Principle 6 – Risk Management). Briscoe Group is committed to improving standards of environmental performance to enable a more efficient and sustainable future. Accordingly, we have the following initiatives which are incorporated into regular management reporting to the Board.

Being one of New Zealand's leading retailers encompassing multiple large-format retail outlets, there are many ways we look to improve our environmental performance.
Currently the Group's sustainability initiatives cover:

- Waste Management
- Energy Efficiency, and
- Carbon Footprint reporting

WASTE MANAGEMENT

The Group's waste management strategy recognises that product sourcing is the first step in the supply chain and the best opportunity in minimising unnecessary packaging. Initiatives have been implemented to:

- work with suppliers to reduce packaging and specify recyclable packaging types at source,
- ensure that the Group is using recyclable packaging materials in efficient quantities, and
- ensure that stores have the adequate tools and services to enable effective landfill minimisation.

ENERGY EFFICIENCY

Specifying energy efficient elements within our building documentation for new stores ensures a high level of energy efficiency for the entire life-cycle of the building.

Operationally, comparing energy use on a site by site basis enables us to compare similarly sized stores and identify potential future savings through investment in heating, ventilation, air-conditioning and lighting systems.

CARBON FOOTPRINT

Our current focus is to identify areas of improvement across the business to minimise waste and power consumption.

Principle 5 – Remuneration

The remuneration of Directors and executives should be transparent, fair and reasonable.

Directors' Remuneration

Recommendation 5.1: An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's Annual Report.
In accordance with the Constitution, Shareholder approval is sought for any increase in the pool available to pay Directors' fees. Approval was last sought in 2016, when the pool limit was set at $380,000 per annum. The Board has determined the following allocation from the pool.

	Position	Fees (per annum)
Board of Directors	Chair	$120,000
	Member	$62,500
Audit and Risk Committee	Chair	$12,000
	Member	$6,000
Human Resources Committee	Chair	$8,500
	Member	$6,000

Remuneration of Directors in the reporting period is tabulated below:

	Board Fee	Audit and Risk Committee	Human Resources Committee	Total Fees	Other Payments/ Benefits	Total Remuneration
Dame Rosanne Meo	$120,000	$6,000	$6,000	$132,000	-	**$132,000**
Rod Duke [1.]	-	-	-	-	$912,038	**$912,038**
Mary Devine [2.]	$10,417	$1,000	$500	$11,917	-	**$11,917**
Tony Batterton	$62,500	$12,000	-	$74,500	-	**$74,500**
Andy Coupe	$62,500	$6,000	$8,500	$77,000	-	**$77,000**
Total	**$255,417**	**$25,000**	**$15,000**	**$295,417**	**$912,038**	**$1,207,455**

1. No Directors' fees are paid to Executive Directors. For more information in relation to Executive Director remuneration refer to "Chief Executive Remuneration" below.
2. Mary Devine resigned from Human Resources Committee 20 February 2019 and as a Director effective from 31 March 2019.

Remuneration Policy

Recommendation 5.2: An issuer should have a Remuneration Policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.
Briscoe Group has adopted a Remuneration Policy which sets out the remuneration principles that apply to all Non-Executive Directors and all employees including senior management, to ensure that remuneration practices are fair and appropriate, and that there is a clear link between remuneration and performance. A copy of the Remuneration Policy is available on Briscoe Group's website. Briscoe Group is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Briscoe Group's business objectives and the creation of Shareholder value. Under Briscoe Group's remuneration framework, job size relative to the relevant competitive market for talent as well as individual performance against defined key performance objectives are key considerations in all remuneration based decisions, balanced by the organisational context. Remuneration

for senior management includes a mix of fixed and variable components. Criteria for performance payments which comprise short, medium and long-term incentives are regularly appraised to ensure they incorporate changing market conditions as well as the Company's performance in relation to strategic initiatives that are deemed by the Board to be most relevant in driving Shareholder value.

Non-Executive Directors are paid fees in accordance with the table provided under 5.1. The levels at which fees are set reflects the time commitment and responsibilities of the roles of Non-Executive Directors and the figures shown under 5.1 do not include any performance based payments. The Board uses various sources to inform its decision making on fees and consults with expert independent advisors where appropriate.

Subsequent to a review conducted with independent external advisors, engaged by the Board, with specialist expertise in remuneration, changes were recommended in relation to the Company's short, medium and long-term incentives. This has resulted in extensive changes to the long-term incentive (LTI) scheme including a change in vehicle (performance rights), quantum and participation. The first two grants of performance rights under the updated LTI scheme were made during the 2019/20 financial year. A new medium-term incentive scheme has been introduced for senior management who will no longer participate in the new LTI scheme. In this manner, the various components of remuneration maintain alignment with the interests of Shareholders, the Company and the individual.

Employee Remuneration

The number of employees and former employees within Briscoe Group (including the Managing Director but excluding any other Director) receiving remuneration and benefits above $100,000, relating to the 52 week period ending 26 January 2020 is set out in the table below:

Remuneration	Number of Employees
$100,000 - $109,999	12
$110,000 - $119,999	7
$120,000 - $129,999	7
$130,000 - $139,999	10
$140,000 - $149,999	4
$150,000 - $159,999	4
$160,000 - $169,999	2
$170,000 - $179,999	3
$180,000 - $189,999	3
$190,000 - $199,999	2
$200,000 - $209,999	1
$210,000 - $219,999	1
$230,000 - $239,999	1
$240,000 - $249,999	1
$260,000 - $269,999	1
$270,000 - $279,999	1
$300,000 - $309,999	1
$350,000 - $359,999	1
$390,000 - $399,999	1
$420,000 - $429,999	1
$450,000 - $459,999	1
$680,000 - $689,999	1
$910,000 - $919,999	1

Chief Executive Officer Remuneration

Recommendation 5.3: An issuer should disclose the remuneration arrangements in place for the CEO in its Annual Report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance based payments.

The remuneration of the Managing Director for the year ended 26 January 2020 was:

	Period Ended 26 January 2020
Base Salary	$727,245
Other Benefits	$91,293
STI	$93,500
Subtotal	**$912,038**
LTI	-
Total Remuneration	**$912,038**

The remuneration of the Managing Director comprises fixed and performance payments. Fixed remuneration includes a base salary and other benefits comprising; contributions to superannuation, life insurance, health insurance and a fuel card. The Managing Director received a short-term incentive of $93,500. The target value of a STI payment is recommended by the Human Resources Committee, approved by the Board and linked strongly to company financial performance and performance against strategic initiatives. Given his shareholding in the Company, the Managing Director does not participate in any Company Long Term Incentive Scheme.

Senior Management

Briscoe Group's senior management are appointed by the Managing Director and their key performance indicators ('KPIs') are comprised of specific Briscoe Group financial objectives along with business related individual objectives. Establishing and monitoring these KPIs is done annually by the Managing Director recommending the KPIs to the Human Resources Committee, which in turn, makes recommendations to the Board for approval. The performance of the senior management against these KPIs is evaluated annually and serves as a key determinant of any short-term incentive scheme values and payments.

Short Term Incentive Payments

Short term incentive (STI) payments are at risk cash payments designed to motivate and reward for short term (within each financial year) performance. The target value of a STI payment is set by the Managing Director with a specified dollar potential available to each participant in the scheme. The target areas for all employees who are entitled to a STI payment are set based on a combination of company financial performance, specific financial performance relative to the employee's areas of responsibility and individual goals. The weightings applied to each of the target areas will be largely consistent throughout the company for roles entitled to a STI payment, but may vary depending on specific areas of focus as determined by the Managing Director. The Board approves the STI payments to be made to senior management at the end of the financial year, and approves the senior manager targets for the following year.

Medium Term Incentive Payments

Medium term incentive (MTI) payments are at risk cash payments designed to motivate and reward for medium term (crossing two financial years) performance. A two-year term provides for evaluation of performance over a longer term than used for purposes of STI and ensures a degree of impact or sustainability thereby avoiding or reducing the risk of "short-termism". MTI participants are members of the senior management team who significantly influence achievement of the Company's performance. The target value of an MTI payment is recommended by the Managing Director for approval by the Board, with a specified dollar amount potentially available to each participant in the scheme. Performance is assessed at Company rather than individual level with measures aligned to those of the LTI scheme, albeit over a slightly lesser timeframe. The Board will review performance and approve any MTI payments to be made to senior management at the end of the financial year and approve objectives for the following year.

Long Term Incentive Payments

On 25 July 2003 the Board approved an Executive Share Option Plan to issue options to selected senior executives and, subject to Shareholder approval, to Executive Directors. Options may be exercised in part or in full by the holder three years after the date of issue, and lapse after four years if not exercised or if the employee is no longer employed by the Company. Each option entitles the holder to one ordinary share in the capital of the Company on payment of the exercise price. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before and five business days after, as the Board in its discretion sees fit, either:

(a) the date on which allocations are decided by the Board; or
(b) the date on which allocations are made.

During the financial year the Company did not issue any further share options to employees. (2019: Nil). The only options on issue are those issued in August 2016. Option holders have until 21 August 2020 to exercise these options, at which time, if they are not exercised, will lapse.

On 26 March 2019 the Board approved a Senior Executive Incentive Plan under which selected senior employees could be granted Performance Rights which upon vesting would reward the employees with ordinary shares in the Company. Vesting of the Performance Rights is subject to the achievement of certain performance hurdles.
Two tranches of Performance Rights were issued during 2019-20. The Performance Rights vest after three years subject to the Company's achievement against Total Shareholder Return and Earnings Per Share growth targets.

Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk Management

Recommendation 6.1: An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.
The Board is responsible for Briscoe Group's risk assessment, management and internal control and it believes has carried out a robust risk assessment process. Through the Audit and Risk Committee, the Board monitors policies and processes that identify significant business risks and implements procedures to monitor these risks. A management risk committee comprising the Managing Director, Chief Financial Officer, Chief Operating Officer and Internal Audit Manager meets every quarter to identify and assess the major risks affecting the business by maintaining a risk matrix which is used to develop strategies to monitor and mitigate these risks. Risks are assessed against the impact of the risk and the likelihood of it eventuating. The risk matrix is provided to the Board six monthly. The management risk committee reports to the Audit and Risk Committee. Significant risks are discussed at Board meetings, or as required. Briscoe Group maintains insurance policies that it considers adequate to meet insurable risks.

Health and Safety

Recommendation 6.2: An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.
The Human Resources Committee, the General Manager Human Resources and specialist team members in the Human Resource function assist the Board in meeting its responsibilities under the Health and Safety at Work Act 2015, other regulations and policies.

The Human Resources Committee, along with management is responsible for ensuring that Health and Safety has appropriate focus and is sufficiently resourced to achieve its objectives within Briscoe Group.

Company performance across a range of measures of Health and Safety are a consistent and priority agenda item at all Board meetings. The Board and senior management are apprised of all notifiable incidents and injuries and the actions taken to ensure the health and wellbeing of injured persons. Actions taken to prevent incident recurrence are also advised.

Management operates and assesses the effectiveness of risk assessment and mitigation, safety processes and systems, capability of staff and the general culture of the business in relation to safety.

Briscoe Group has implemented a Health and Safety Risk Matrix to identify specific hazards and risks, assess their severity of impact and likelihood of occurrence, document mitigation strategies and determine the level of residual risk. This matrix is reviewed at least annually by the Board and annual Health and Safety objectives and KPIs are set for the business based on the significant risks identified.

The Company operates a continuous system of hazard identification and management along with monthly reviews of performance to ensure that opportunities for improvement are identified and progressed. In 2019 we continued our focus on traffic management across our sites along with ensuring that risks of poor customer/shoplifter behaviour were monitored and managed. The peace of mind provided by the presence of our Loss Prevention Specialists in stores is significant and alongside our online training in this area goes some way to maintaining a healthy and safe place of work.

Along with monthly updates on safety related incidents as part of regular Board reporting, the Board is apprised of quarterly performance on a range of measures sourced directly from ACC. Significant measures which contribute to the Briscoe Group's Experience Rating continue to show improvement. A wide range of actions across the Group have been part of our journey to ensuring our team and others go home from work safe each day. Leader led discussions around safety regularly occur throughout the business alongside inclusion of team member wellbeing and safety as an item in discussions relating to planned business change. Board and senior management visits to our sites include discussions with team members as to their knowledge and perspectives on health and safety, further reinforcing the importance of health and safety to the Group. The Group continually assesses its actual Health and Safety performance rates against independent information provided by ACC to ensure that improvement in safety outcomes rather than outputs are used in determining true effectiveness.

We continue to see improvements in the number of work-related claims and the number of days of earnings-related compensation. Reporting of safety related incidents (including those without injuries) continue to serve as opportunities to prevent incidents that pose risk to our people. We are well progressed with Group implementation of our chosen Saas health and safety recording, reporting and risk management system, *Ecoportal*. In 2020 our focus will be on completing implementation with the Contractor Management module and using the new capabilities in the system to aid in the sustained reduction of injuries across the business.

Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process.

External Audit

Recommendation 7.1 and 7.2: The Board should establish a framework for the issuer's relationship with its external auditors. This should include procedures prescribed in the NZX Code. The external auditor should attend the issuer's annual shareholders meeting to answer questions from shareholders in relation to the audit.
The Audit and Risk Committee is responsible for the oversight of Briscoe Group's external audit arrangements. These arrangements include procedures for the matters described in Recommendation 7.1 of the NZX Code.

The Audit and Risk Committee is committed to ensuring Briscoe Group's external auditor is able to carry out its work independently so that financial reporting is reliable and credible. Briscoe Group has an External Auditor Independence policy, which is available on Briscoe Group's website. The External Audit Independence policy implements the procedures set out in the NZX Code.

The policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do unless authorised by the both the Chairman and Chairman of the Audit and Risk Committee and so advised to the Board. This is so the ability of the auditor to carry out its work is not impaired and could not reasonably be perceived to be impaired.

Briscoe Group's external auditor is PricewaterhouseCoopers. Total fees paid to PricewaterhouseCoopers in its capacity as auditor for period ended 26 January 2020 were $108,000 (2019: 128,000).
Total fees paid to PricewaterhouseCoopers for other professional services for the period ended 26 January 2020 were $26,000 (2019: $160,000). The other service fees comprise a half yearly review.
PricewaterhouseCoopers has historically attended the Annual Shareholders' Meeting, and the lead audit partner is available to answer relevant questions from Shareholders at that meeting.

Internal Audit

Recommendation 7.3: Internal audit functions should be disclosed.
Briscoe Group has an internal audit team that performs assurance and compliance reviews across company operations as part of a risk-based programme of work approved by the Audit and Risk Committee. In scope are all aspects of the Group's store and non-store operations. In addition to the assurance and compliance work, the internal audit team provide advice to improve both established systems and processes, and during the design and implementation phase of new systems and processes. The Internal Audit Manager reports functionally to the Audit and Risk Committee and administratively to the Chief Financial Officer. The Internal Audit Manager provides regular reporting to management as well as to the Board and Audit and Risk Committee.

Principle 8 – Shareholder Rights and Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Information for Shareholders

Recommendation 8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.
Briscoe Group is committed to an open and transparent relationship with Shareholders. The Board aims to ensure that all Shareholders are provided with all information necessary to assess Briscoe Group's direction and performance.
This is done through a range of communication methods including periodic and continuous disclosures to NZX and ASX, half year and annual reports and the Annual Shareholders' Meeting. Briscoe Group's website provides financial and operational information, information about its Directors and senior management and copies of its governance documents, for investors and interested stakeholders to access at any time.

Communicating with Shareholders

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.
Shareholders have the option of receiving their communications electronically, including by email or through Briscoe Group's investor centre. Briscoe Group's website includes a section for Shareholder communications and the Board has always been committed to having an open dialogue with Shareholders and welcomes investor enquiries.

Shareholder Voting Rights

Recommendation 8.3 Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.
In accordance with the Companies Act 1993, the Company's Constitution, and the NZX and ASX Listing Rules, Briscoe Group refers any significant matters to Shareholders for approval at a Shareholder meeting.

Further Capital

Recommendation 8.4: If seeking additional equity capital, an issuer should offer further equity securities to existing shareholders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.
If the Company seeks additional equity capital, the Board will ensure it considers the interests of existing shareholders and, where that is reasonable and in the best interests of the Company, permit shareholders to participate on a pro-rata basis.

Notice of Annual Shareholders meeting

Recommendation 8.5: The Board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.
Briscoe Group posts any Notices of Shareholder meetings on its website as soon as these are available. The general practice is to make these available not less than four weeks prior to the Shareholder meeting.

General Disclosures

Board of Directors

Dame Rosanne Meo, DNZM, OBE, BA, Dip BIA: Chairman (Non-Executive)

Chairman of AMP Staff Superannuation. Director of realestate.co.nz and Rosanne Meo Consulting. Chartered Fellow of Institute of Directors.

Rod Duke: Group Managing Director and Deputy Chairman

Group Managing Director since 1991. Director of Kein Geld (NZ) Limited, RA Duke Limited, Briscoe Share Plan Trustee Limited, RD Golf Investments Limited and New Zealand Golf Masters Limited.

Tony Batterton, BCom, C.A: Director (Non-Executive)

Partner and Executive Director of Evergreen Partners Ltd. Non-Executive Director of Direct Capital Investments Ltd & Subsidiaries, Direct Capital IV Investments Ltd & Subsidiaries, Direct Capital IV Management Ltd & Subsdiaries, Direct Capital IV Partners Ltd, Direct Capital IV GP Ltd, Tiger Ventures NZ Ltd, George H Investments Ltd, P F Olsen Group Ltd, PF Olsen Ltd, Siplow Nominees Ltd, Wright Loan Ltd, Direct Capital Partners Ltd, NZ Fine Touring Group and Evergreen GP Ltd.

Andy Coupe, LLB: Director (Non-Executive)

Chairman of Television New Zealand Ltd and the New Zealand Takeovers Panel. Director of Gentrack Group Ltd, Kingfish Ltd, Barramundi Ltd, Marlin Global Ltd. Chartered Member of Institute of Directors.

Mary Devine resigned as a Director effective from 31 March 2019.

Subsidiary Companies

No employee of the Group appointed as a Director of Briscoe Group Limited or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a Director.

The remuneration and other benefits of such employees (received as employees) totalling $100,000 or more during the year ended 26 January 2020, are included in the relevant bandings for remuneration disclosed as part of the “Remuneration” section of the Corporate Governance Statement included in this Annual Report (page 90).

The persons who held office as Directors of subsidiary companies at 26 January 2020 are as follows:

Briscoes (New Zealand) Limited

Rod Duke, Geoff Scowcroft, Alaister Wall

The Sports Authority Limited

Rod Duke, Geoff Scowcroft, Alaister Wall

Rebel Sport Limited

Rod Duke, Alaister Wall

Living & Giving Limited

Rod Duke, Alaister Wall

Principal Activities of the Group

Briscoe Group Limited is a non-trading holding company but provides management services to its subsidiaries.

The principal trading subsidiaries are Briscoes (New Zealand) Limited, a specialist homeware retailer selling leading branded products, and The Sports Authority Limited, (trading as Rebel Sport), New Zealand's largest retailer of most leading brands of sporting goods. The subsidiaries are 100% owned by Briscoe Group Limited.

During the period there were no changes to the nature of Briscoe Group Limited's business or that of its subsidiaries. There were also no changes to company structure.

Directors

A. Shareholdings

Beneficially Held	As at 20 March 2020 Number of shares
RAB Coupe	10,000

Non-Beneficially Held	As at 20 March 2020 Number of shares
RA Duke as Trustee of the RA Duke Trust	170,920,656
RPO'L Meo	100,000
AD Batterton	20,000

For further details refer to Substantial Product Holders information below.

B. Share dealings

During the 52 week period ended 26 January 2020 the following directors acquired shares in the Company:

Date of transaction	Number of shares acquired	Consideration
R A Duke as trustee of the R A Duke Trust:		
25 March 2019	12,000	$40,800
7 May 2019	30,000	$96,000

There were no other changes to Directors' interests in Briscoe Group Limited during the period.

C. Directors' Insurance

As provided by the Group's Constitution and in accordance with Section 162 of the Companies Act 1993 the Group has arranged Directors' and Officers' Liability Insurance which ensures Directors will incur no monetary loss as a result of actions undertaken by them as Directors provided they act within the law.

D. Interests in contracts

During the 52 week period ended 26 January 2020 the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- The RA Duke Trust, of which RA Duke and AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $645,000 (2019: $645,000), under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport). (Refer to Note 6.1.1 of the financial statements).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of $564,598 (2019: $535,164), under an agreement to lease premises to Briscoes (NZ) Limited. (Refer to Note 6.1.1. of the financial statements).

E. Directors' and Officers' use of Company Information

During the period the Board received no notices pursuant to Section 145 of the Companies Act 1993 relating to use of Company information.

Shareholders Information
Holding Range at 20 March 2020

	No. Investors	Total Holdings	%
1 – 1000	991	655,932	0.30
1,001 – 5,000	1,667	4,845,221	2.18
5,001 – 10,000	624	4,948,415	2.23
10,001 – 100,000	508	12,273,134	5.52
100,001 and over	34	199,495,798	89.77
Total	**3,824**	**222,218,500**	**100%**

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 26 January 2020, details of the Substantial Product Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Product Holder	Holding as at 26 January 2020[1]
R A Duke[2.]	170,920,656

1. *This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.*
2. *R A Duke has a relevant interest as a trustee of the R A Duke Trust which was disclosed in the SSH notice dated 13 October 2016, in respect of 170,081,138 ordinary shares. As at 26 January 2020 this interest was in respect of 170,920,656 ordinary shares.*

The total number of ordinary shares on issue (being all of the voting shares of the company) as at 26 January 2020 was 222,188,500

Top 20 Shareholders

As at 20 March 2020

Rank	Holder's Name*	Total	%
1	JB Were (NZ) Nominees Limited **	173,043,998	77.87
2=	Gerald Harvey	5,250,000	2.36
2=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.36
4	FNZ Custodians Limited	3,761,654	1.69
5	Alaister John Wall, Beverley Ann Wall and Benedict Dougles Tauber as Trustees of Tunusa Trust established for the benefit of the family of AJ and BA Wall	1,230,000	0.55
6	Stuart Hamilton Johnstone and Lorraine Rose Johnstone	1,000,000	0.45
7	Forsyth Barr Custodians Limited	789,386	0.36
8	Manhattan Trustee Limited	683,000	0.31
9	Citibank Nominees (NZ) Ltd	610,186	0.27
10	Peter William Burilin	540,839	0.24
11	HSBC Nominees (New Zealand) Limited	538,181	0.24
12	Custodial Services Limited	517,232	0.23
13	Accident Compensation Corporation	512,307	0.23
14	Shu Wen Chiang	484,592	0.22
15	Investment Custodial Services Limited	446,407	0.20
16	National Nominees New Zealand Limited	400,000	0.18
17	Keith Arthur William Brunt	365,000	0.16
18	Carla Ingrid Brockman	336,300	0.15
19	Gemscott Limited	335,000	0.15
20	Shih Ting Huang	306,719	0.14

** A number of the registerd holders listed below hold shares as nominees for, or on behalf of, other parties.*

*** Includes 170,920,656 shares in relation to holdings associated with R A Duke.*

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)
Rodney A. Duke
Anthony (Tony) D. Batterton
Richard A. (Andy) Coupe

Registered Office

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Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PwC

Share Registrar

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Websites

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www.briscoes.co.nz
www.rebelsport.co.nz
www.livingandgiving.co.nz

Notes

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briscoegroup.co.nz