

Consolidated Profit and Loss Account

for the year ended 31st December 2020

	Note	2020			2019		
		Underlying business performance	Non- trading items	Total	Underlying business performance	Non- trading items	Total
		US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Sales	2	10,268.5	–	10,268.5	11,192.3	–	11,192.3
Cost of sales		(7,077.7)	–	(7,077.7)	(7,658.5)	–	(7,658.5)
Gross margin		3,190.8	–	3,190.8	3,533.8	–	3,533.8
Other operating income		355.4	75.2	430.6	189.8	19.3	209.1
Selling and distribution costs		(2,575.8)	–	(2,575.8)	(2,700.7)	–	(2,700.7)
Administration and other operating expenses		(558.8)	(98.7)	(657.5)	(586.4)	(30.2)	(616.6)
Operating profit	3	411.6	(23.5)	388.1	436.5	(10.9)	425.6
Financing charges		(145.1)	–	(145.1)	(164.9)	–	(164.9)
Financing income		2.4	–	2.4	6.7	–	6.7
Net financing charges	4	(142.7)	–	(142.7)	(158.2)	–	(158.2)
Share of results of associates and joint ventures	5	76.0	8.9	84.9	114.9	11.4	126.3
Profit before tax		344.9	(14.6)	330.3	393.2	0.5	393.7
Tax	6	(74.2)	0.4	(73.8)	(69.5)	0.8	(68.7)
Profit after tax		270.7	(14.2)	256.5	323.7	1.3	325.0
Attributable to:							
Shareholders of the Company		275.7	(4.7)	271.0	320.9	2.9	323.8
Non-controlling interests		(5.0)	(9.5)	(14.5)	2.8	(1.6)	1.2
		270.7	(14.2)	256.5	323.7	1.3	325.0
		US¢		US¢	US¢		US¢
Earnings per share	7						
– basic		20.38		20.03	23.72		23.93
– diluted		20.37		20.03	23.71		23.92

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

	<i>Note</i>	2020 US\$m	2019 US\$m
Profit for the year		256.5	325.0
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	22	16.3	15.9
Tax relating to items that will not be reclassified		(2.7)	(2.4)
		13.6	13.5
Share of other comprehensive income of associates and joint ventures		2.2	0.7
		15.8	14.2
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net gain arising during the year		109.4	25.5
– transfer to profit and loss		(16.9)	3.4
		92.5	28.9
Cash flow hedges			
– net loss arising during the year		(11.6)	(2.6)
– transfer to profit and loss		2.8	(5.5)
		(8.8)	(8.1)
Tax relating to items that may be reclassified		1.8	1.6
Share of other comprehensive income of associates and joint ventures		0.5	2.8
		86.0	25.2
Other comprehensive income for the year, net of tax		101.8	39.4
Total comprehensive income for the year		358.3	364.4
Attributable to:			
Shareholders of the Company		373.9	362.1
Non-controlling interests		(15.6)	2.3
		358.3	364.4

Consolidated Balance Sheet

at 31st December 2020

	Note	2020 US\$m	2019 US\$m
Net operating assets			
Intangible assets	9	420.6	589.2
Tangible assets	10	771.9	820.2
Right-of-use assets	11	2,872.1	3,186.3
Associates and joint ventures	12	2,256.5	2,101.9
Other investments	13	6.0	6.8
Non-current debtors	14	114.8	142.4
Deferred tax assets	15	15.5	18.2
Non-current assets		6,457.4	6,865.0
Stocks		778.7	896.1
Current debtors	14	303.6	281.3
Current tax assets		28.0	26.1
Cash and bank balances	16	277.6	301.4
		1,387.9	1,504.9
Non-current assets held for sale	17	55.2	–
Current assets		1,443.1	1,504.9
Current creditors	18	(2,060.5)	(2,315.4)
Current borrowings	19	(852.0)	(938.2)
Current lease liabilities	20	(684.1)	(728.3)
Current tax liabilities		(84.7)	(126.5)
Current provisions	21	(43.8)	(56.0)
Current liabilities		(3,725.1)	(4,164.4)
Net current liabilities		(2,282.0)	(2,659.5)
Long-term borrowings	19	(242.3)	(184.0)
Non-current lease liabilities	20	(2,386.3)	(2,577.5)
Deferred tax liabilities	15	(44.3)	(34.9)
Pension liabilities	22	(13.4)	(31.3)
Non-current creditors	18	(43.2)	(13.2)
Non-current provisions	21	(110.0)	(125.1)
Non-current liabilities		(2,839.5)	(2,966.0)
		1,335.9	1,239.5

	<i>Note</i>	2020 US\$m	2019 US\$m
Total equity			
Share capital	23	75.1	75.1
Share premium and capital reserves	25	59.6	59.2
Revenue and other reserves		1,187.6	1,074.9
Shareholders' funds		1,322.3	1,209.2
Non-controlling interests		13.6	30.3
		1,335.9	1,239.5

Approved by the Board of Directors

Ian McLeod
Clem Constantine
Directors

11th March 2021

Consolidated Statement of Changes in Equity

for the year ended 31st December 2020

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue and other reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
2020							
At 1st January	75.1	34.1	25.1	1,074.9	1,209.2	30.3	1,239.5
Total comprehensive income	–	–	–	373.9	373.9	(15.6)	358.3
Dividends paid by the Company	–	–	–	(263.8)	(263.8)	–	(263.8)
Unclaimed dividends forfeited	–	–	–	0.5	0.5	–	0.5
Share-based long-term incentive plans	–	–	1.2	–	1.2	–	1.2
Change in interest in a subsidiary	–	–	–	(0.8)	(0.8)	(1.1)	(1.9)
Change in interests in associates and joint ventures	–	–	–	2.1	2.1	–	2.1
Transfer	–	–	(0.8)	0.8	–	–	–
At 31st December	75.1	34.1	25.5	1,187.6	1,322.3	13.6	1,335.9
2019							
At 1st January	75.1	33.9	24.4	993.0	1,126.4	35.5	1,161.9
Total comprehensive income	–	–	–	362.1	362.1	2.3	364.4
Dividends paid by the Company	–	–	–	(284.0)	(284.0)	–	(284.0)
Unclaimed dividends forfeited	–	–	–	0.1	0.1	–	0.1
Share-based long-term incentive plans	–	–	0.9	–	0.9	–	0.9
Change in interests in subsidiaries	–	–	–	0.8	0.8	(7.5)	(6.7)
Change in interests in associates and joint ventures	–	–	–	2.9	2.9	–	2.9
Transfer	–	0.2	(0.2)	–	–	–	–
At 31st December	75.1	34.1	25.1	1,074.9	1,209.2	30.3	1,239.5

Revenue and other reserves at 31st December 2020 comprised revenue reserves of US\$1,417.5 million (2019: US\$1,388.5 million), hedging reserves of US\$9.4 million loss (2019: US\$0.7 million gain) and exchange reserves of US\$220.5 million loss (2019: US\$314.3 million loss).

Consolidated Cash Flow Statement

for the year ended 31st December 2020

	Note	2020 US\$m	2019 US\$m
Operating activities			
Operating profit	3	388.1	425.6
Depreciation and amortisation	29(a)	983.4	1,002.2
Other non-cash items	29(b)	(16.6)	33.2
Increase in working capital	29(c)	(102.1)	(76.7)
Interest received		3.5	7.1
Interest and other financing charges paid		(146.3)	(166.7)
Tax paid		(110.4)	(25.1)
		999.6	1,199.6
Dividends from associates and joint ventures		67.6	88.5
Cash flows from operating activities		1,067.2	1,288.1
Investing activities			
Purchase of subsidiaries	29(d)	(21.4)	(2.6)
Purchase of associates and joint ventures	29(e)	(18.3)	(3.8)
Purchase of intangible assets		(20.7)	(53.2)
Purchase of tangible assets		(227.2)	(233.3)
Additions to right-of-use assets		-	(18.4)
Sale of subsidiaries	29(f)	193.1	-
Sale of a property	29(g)	2.8	22.6
Sale of tangible assets		5.3	5.7
Cash flows from investing activities		(86.4)	(283.0)
Financing activities			
Change in interest in a subsidiary	29(h)	(1.9)	(6.7)
Drawdown of borrowings	19	1,115.9	1,778.4
Repayment of borrowings	19	(918.5)	(1,662.6)
Net decrease in other short-term borrowings	19	(268.1)	(42.4)
Principal elements of lease payments		(706.5)	(790.3)
Dividends paid by the Company	26	(263.8)	(284.0)
Cash flows from financing activities		(1,042.9)	(1,007.6)
Net decrease in cash and cash equivalents		(62.1)	(2.5)
Cash and cash equivalents at 1st January		288.3	284.5
Effect of exchange rate changes		8.0	6.3
Cash and cash equivalents at 31st December	29(j)	234.2	288.3

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board. Having considered the impact arising from COVID-19 pandemic and the current economic environment on the Group's performance and cash flows, the Directors believe that the Group has strong liquidity to run the business during the pandemic and beyond and accordingly, the financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies.

Details of the Group's principal accounting policies are included in note 36.

The Group has elected to early adopt the 'Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) in relation to hedge accounting for the Group's annual reporting period commencing 1st January 2019.

The Group has adopted the following changes in relation to rent concessions for the annual reporting period commencing 1st January 2020.

COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases

The Group has early adopted the Amendment, which is effective 1st June 2020. Where the Group is a lessee, the practical expedient is applied to account for the change in lease payments resulting from rent concessions granted as a direct consequence of the COVID-19 pandemic and elects not to assess these concessions as lease modifications when all of the following conditions are met:

- (i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) reduction in lease payments relates to payment due on or before 30th June 2021; and
- (iii) there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

Apart from the above, there are no other amendments which are effective in 2020 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective (*note 37*).

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in notes 2, 3 and 5 and are described on page 61.

2. Sales

	Including associates and joint ventures		Subsidiaries	
	2020	2019	2020	2019
	US\$m	US\$m	US\$m	US\$m
<i>Analysis by operating segment:</i>				
Food	22,106.2	19,907.3	7,447.2	7,375.6
– Grocery retail	19,900.5	17,603.4	5,347.5	5,190.2
– Convenience stores	2,205.7	2,303.9	2,099.7	2,185.4
Health and Beauty	2,400.8	3,400.8	1,989.7	3,051.0
Home Furnishings	831.6	765.7	831.6	765.7
Restaurants	2,064.2	2,701.2	–	–
Other Retailing	756.3	890.0	–	–
	28,159.1	27,665.0	10,268.5	11,192.3

Sales including associates and joint ventures comprise 100% of sales from associates and joint ventures.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. Dairy Farm operates in five segments: Food, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food comprises grocery retail and convenience store businesses (including the Group's associate, Yonghui, a leading grocery retailer in mainland China). Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's food and beverage associate, Maxim's, a leading Hong Kong restaurant chain. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

Sales and share of results of Yonghui represent 12 months from October 2019 to September 2020 (2019: October 2018 to September 2019) and that of Robinsons Retail represent 12 months from October 2019 to September 2020 (2019: 11 months from date of acquisition, November 2018 to September 2019), based on their latest published announcements (note 5).

Set out below is an analysis of the Group's sales by geographical locations:

	Including associates and joint ventures		Subsidiaries	
	2020	2019	2020	2019
	US\$m	US\$m	US\$m	US\$m
<i>Analysis by geographical area:</i>				
North Asia	21,122.6	20,560.3	6,802.9	7,339.5
Southeast Asia	7,036.5	7,104.7	3,465.6	3,852.8
	28,159.1	27,665.0	10,268.5	11,192.3

The geographical areas covering North Asia and Southeast Asia, are determined by the geographical location of customers. North Asia comprises Hong Kong, mainland China, Macau and Taiwan. Southeast Asia comprises Singapore, Cambodia, the Philippines, Thailand, Malaysia, Indonesia, Vietnam and Brunei.

3. Operating Profit

	2020 US\$m	2019 US\$m
<i>Analysis by operating segment:</i>		
Food	324.2	145.1
– Grocery retail	267.4	63.1
– Convenience stores	56.8	82.0
Health and Beauty	65.7	295.5
Home Furnishings	70.5	42.7
	460.4	483.3
Selling, general and administrative expenses	(119.8)	(143.4)
Underlying operating profit before IFRS 16*	340.6	339.9
IFRS 16 adjustment†	71.0	96.6
Underlying operating profit	411.6	436.5
Non-trading items:		
– business restructuring costs	(58.8)	(15.6)
– impairment of intangible assets	(38.6)	–
– profit on sale of businesses	75.2	–
– (loss)/profit on sale of a property	(0.5)	15.7
– loss on reclassification of a joint venture as a subsidiary	–	(13.9)
– adjustment to deferred consideration for acquisition of a subsidiary	–	3.6
– fair value loss on equity investments	(0.8)	(0.7)
	388.1	425.6

Set out below is an analysis of the Group's underlying operating profit by geographical locations:

	2020 US\$m	2019 US\$m
<i>Analysis by geographical area:</i>		
North Asia	388.5	443.4
Southeast Asia	71.9	39.9
	460.4	483.3
Selling, general and administrative expenses	(119.8)	(143.4)
Underlying operating profit before IFRS 16*	340.6	339.9
IFRS 16 adjustment†	71.0	96.6
Underlying operating profit	411.6	436.5

* Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

† Represented the reversal of lease payments which were accounted for on a straight-line basis, adjusted by the lease contracts recognised under IFRS 16 'Leases', primarily for the depreciation charge on right-of-use assets.

3. Operating Profit *continued*

The following items have been (charged)/credited in arriving at operating profit:

	2020	2019
	US\$m	US\$m
Cost of stocks recognised as expense	(7,021.4)	(7,617.6)
Amortisation of intangible assets (<i>note 9</i>)	(34.2)	(27.1)
Depreciation of tangible assets (<i>note 10</i>)	(160.1)	(160.2)
Depreciation of right-of-use assets (<i>note 11</i>)	(789.1)	(814.9)
Impairment of intangible assets (<i>note 9</i>)	(49.5)	(20.7)
(Impairment)/reversal of impairment of tangible assets (<i>note 10</i>)	(23.7)	4.4
Impairment of right-of-use assets (<i>note 11</i>)	(47.6)	(1.9)
Write down of stocks	(16.3)	(5.7)
Reversal of write down of stocks	1.3	6.3
Employee benefit expense		
– salaries and benefits in kind	(1,106.9)	(1,131.9)
– share options and share awards granted (<i>note 25</i>)	(1.2)	(2.0)
– defined benefit pension plans (<i>note 22</i>)	(23.3)	(37.7)
– defined contribution pension plans	(41.2)	(49.8)
	(1,172.6)	(1,221.4)
Lease expense		
– short-term leases	(51.2)	(47.3)
– variable lease payments	(23.8)	(51.3)
– sublease income	23.8	43.7
	(51.2)	(54.9)
Auditors' remuneration		
– audit	(4.7)	(4.9)
– non-audit services	(1.0)	(1.9)
	(5.7)	(6.8)
Concession and service income	126.8	159.3
Rental income from properties	12.3	23.3
Net foreign exchange (losses)/gains	(4.0)	2.6
Loss on sale of tangible and intangible assets	(7.7)	(3.4)
Gain on lease modification and termination	13.1	4.1

In relation to the COVID-19 pandemic, the Group had received government grants of US\$138.7 million, the majority of which were in support of employee retention, and rent concessions of US\$68.5 million for the year ended 31st December 2020. These subsidies were accounted for as other operating income.

4. Net Financing Charges

	2020 US\$m	2019 US\$m
Interest expense		
– bank loans and advances	(28.3)	(41.8)
– lease liabilities	(111.0)	(119.2)
– other loans	(0.8)	–
	(140.1)	(161.0)
Commitment and other fees	(5.0)	(3.9)
Financing charges	(145.1)	(164.9)
Financing income	2.4	6.7
	(142.7)	(158.2)

5. Share of Results of Associates and Joint Ventures

	2020* US\$m	2019* US\$m
<i>Analysis by operating segment:</i>		
Food	46.7	40.9
– Grocery retail	47.5	40.7
– Convenience stores	(0.8)	0.2
Health and Beauty	1.3	(1.4)
Restaurants	36.4	82.1
Other Retailing	0.5	4.7
	84.9	126.3

Share of results of associates and joint ventures included the following gains/(losses) from non-trading items (note 8):

	2020* US\$m	2019* US\$m
Change in fair value of Yonghui's equity investments	0.6	(0.4)
Change in fair value of Robinsons Retail's equity investments	0.3	–
Net gains from divestment of an investment/partial divestment of a subsidiary by Yonghui	7.8	11.8
Net gain from divestment of a subsidiary by Robinsons Retail	0.2	–
	8.9	11.4

Results are shown after tax and non-controlling interests in the associates and joint ventures.

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants of US\$76.1 million, the majority of which were in support of employee retention, and rent concessions of US\$28.6 million for the year ended 31st December 2020.

* Included Yonghui's 12 months results from October 2019 to September 2020 (2019: October 2018 to September 2019) and Robinsons Retail's 12 months results from October 2019 to September 2020 (2019: 11 months results from November 2018 to September 2019) (note 2).

6. Tax

	2020	2019
	US\$m	US\$m
<i>Tax charged to profit and loss is analysed as follows:</i>		
Current tax	(64.4)	(76.7)
Deferred tax	(9.4)	8.0
	(73.8)	(68.7)
<i>Reconciliation between tax expense and tax at the applicable tax rate[†]:</i>		
Tax at applicable tax rate	(36.1)	(42.5)
Income not subject to tax	57.5	14.0
Expenses not deductible for tax purposes	(20.6)	(26.8)
Tax losses and temporary differences not recognised	(39.7)	(7.4)
Utilisation of previously unrecognised tax losses	0.1	0.1
(Under)/over provision in prior years	(2.5)	1.6
Withholding tax	(13.8)	(10.2)
Change in tax rate	(1.3)	–
Other	(17.4)	2.5
	(73.8)	(68.7)
<i>Tax relating to components of other comprehensive income is analysed as follows:</i>		
Remeasurements of defined benefit plans	(2.7)	(2.4)
Cash flow hedges	1.8	1.6
	(0.9)	(0.8)

Share of tax charge of associates and joint ventures of US\$9.9 million (2019: US\$30.7 million) is included in share of results of associates and joint ventures.

[†] The applicable tax rate for the year was 13.7% (2019: 16.3%) and represented the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in applicable tax rate was mainly attributable to a change in the geographic mix of the Group's profit.

7. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$271.0 million (2019: US\$323.8 million), and on the weighted average number of 1,352.7 million (2019: 1,352.7 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$271.0 million (2019: US\$323.8 million), and on the weighted average number of 1,353.3 million (2019: 1,353.4 million) shares in issue after adjusting for 0.6 million (2019: 0.7 million) shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2020	2019
Weighted average number of shares for basic earnings per share calculation	1,352.7	1,352.7
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	0.6	0.7
Weighted average number of shares for diluted earnings per share calculation	1,353.3	1,353.4

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders.

A reconciliation of earnings is set out below:

	2020			2019		
	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	271.0	20.03	20.03	323.8	23.93	23.92
Non-trading items (note 8)	4.7			(2.9)		
Underlying profit attributable to shareholders	275.7	20.38	20.37	320.9	23.72	23.71

8. Non-trading Items

An analysis of non-trading items in operating profit and profit attributable to shareholders is set out below:

	Operating profit		Profit attributable to shareholders	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
Business restructuring costs				
– impairment of right-of-use assets	(30.5)	(1.9)	(27.2)	(1.9)
– (impairment)/reversal of impairment of tangible assets	(18.8)	4.4	(16.7)	4.4
– other	(9.5)	(18.1)	(7.0)	(15.7)
	(58.8)	(15.6)	(50.9)	(13.2)
Impairment of intangible assets	(38.6)	–	(36.6)	–
Profit on sale of businesses	75.2	–	75.2	–
(Loss)/profit on sale of a property	(0.5)	15.7	(0.5)	15.7
Loss on reclassification of a joint venture as a subsidiary	–	(13.9)	–	(13.9)
Adjustment to deferred consideration for acquisition of a subsidiary	–	3.6	–	3.6
Share of net gains from divestment of an investment/ partial divestment of a subsidiary by Yonghui	–	–	7.8	11.8
Share of net gain from divestment of a subsidiary by Robinsons Retail	–	–	0.2	–
Other	(0.8)	(0.7)	0.1	(1.1)
	(23.5)	(10.9)	(4.7)	2.9

Following a store performance review of the Grocery Retail business in Indonesia in late 2020, certain non-performing stores have been identified for closure with restructuring costs of US\$34.5 million recorded, comprising of impairments against certain tangible assets and right-of-use assets, rent compensation and the expected payments to employees. Impairments of US\$29.9 million were recorded against other tangible assets and right-of-use assets as a result of the review, whereby the carrying value of the assets were not supported by their value-in-use.

In addition, certain balance of restructuring costs relating to the Group's 2018 restructuring of its Southeast Asia Food business was included in other restructuring cost in 2020 and 2019. There were also costs related to exit of some stores in mainland China in 2019.

Impairment of intangible assets related to the impairment of goodwill associated with PT Hero Supermarket Tbk ('PT Hero') after the impairment review (note 9).

Profit on sale of businesses in 2020 comprised US\$97.2 million profit on disposal of 100% interest in Wellcome Taiwan Company Limited ('Wellcome Taiwan') to a third party in December and US\$22.0 million loss on disposal of 100% interest in Rose Pharmacy, Inc. ('Rose Pharmacy') to a subsidiary of Robinsons Retail, in October (note 29(f)).

In 2019, the Group acquired the remaining 70% shareholding in Jutaria Gemilang Sdn. Bhd. ('Jutaria') which resulted in a loss on deemed disposal of US\$9.5 million. Following the acquisition, the Group disposed of its 30% economic interest to a third party at no consideration. Together with the full impairment charge on the goodwill arising from acquisition of US\$4.4 million, a loss on reclassification of a joint venture as a subsidiary of US\$13.9 million was recorded (note 29(d)).

9. Intangible Assets

	Goodwill	Computer software	Other	Total
	US\$m	US\$m	US\$m	US\$m
2020				
Cost	565.9	257.9	19.3	843.1
Amortisation and impairment	(121.3)	(121.2)	(11.4)	(253.9)
Net book value at 1st January	444.6	136.7	7.9	589.2
Exchange differences	5.5	1.1	0.2	6.8
Additions	–	18.1	–	18.1
Disposal of subsidiaries	(104.1)	(1.0)	(4.4)	(109.5)
Disposals	–	(0.3)	–	(0.3)
Amortisation	–	(33.0)	(1.2)	(34.2)
Impairment charge	(38.6)	(10.9)	–	(49.5)
Net book value at 31st December	307.4	110.7	2.5	420.6
Cost	453.8	232.4	13.6	699.8
Amortisation and impairment	(146.4)	(121.7)	(11.1)	(279.2)
	307.4	110.7	2.5	420.6
2019				
Cost	553.4	203.5	18.8	775.7
Amortisation and impairment	(115.5)	(80.0)	(9.2)	(204.7)
Net book value at 1st January	437.9	123.5	9.6	571.0
Exchange differences	6.7	1.2	0.2	8.1
New subsidiary	4.4	–	–	4.4
Additions	–	53.7	–	53.7
Disposals	–	(0.2)	–	(0.2)
Amortisation	–	(25.2)	(1.9)	(27.1)
Impairment charge	(4.4)	(16.3)	–	(20.7)
Net book value at 31st December	444.6	136.7	7.9	589.2
Cost	565.9	257.9	19.3	843.1
Amortisation and impairment	(121.3)	(121.2)	(11.4)	(253.9)
	444.6	136.7	7.9	589.2

9. Intangible Assets *continued*

Goodwill is allocated to groups of cash-generating units ('CGU') identified by banners or group of stores acquired in each territory. The table below analyses the carrying value of goodwill by groups of CGU.

	2020	2019
	US\$m	US\$m
San Miu Macau	181.9	181.1
Rose Pharmacy, the Philippines	–	86.9
Giant Singapore	43.5	42.7
Other	82.0	133.9
Total	307.4	444.6

Management has assessed the recoverable amount of each CGU based on value-in-use calculations using cash flow projections based on approved budgets and projections based on the weighted average of remaining lease terms ranging from five to 15 years.

Following the impairment review, goodwill relating to PT Hero amounted US\$38.6 million was fully impaired and charged to the profit and loss during the year. In 2019, goodwill arising from the acquisition of the remaining 70% shareholding in Jutaria amounted to US\$4.4 million (*note 29(d)*) was fully impaired after the impairment review.

During the year, the Group disposed of its 100% interest in Rose Pharmacy to a subsidiary of Robinsons Retail (*note 29(f)*).

Key assumptions used for value-in-use calculations for the significant balances of goodwill in 2020 include budgeted gross margins between 22% and 26% (*2019: 18% and 31%*) and average sales growth rates are between 1.0% and 5.0% (*2019: 1.0% and 2.7%*) to project cash flows, which vary across the Group's business segments and geographical locations, over the weighted average of remaining lease terms, and are based on management expectations for the market development; and pre-tax discount rates of between 5% and 12% (*2019: 5% and 14%*) applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that no further impairment charge is required.

Other intangible assets comprise mainly trademarks.

The amortisation charges are all recognised in arriving at operating profit and are included in selling and distribution costs, and administration expenses.

The remaining amortisation periods for intangible assets are as follows:

Computer software	up to 7 years
Trademarks	up to 11 years

10. Tangible Assets

	Freehold properties US\$m	Buildings on leasehold land US\$m	Leasehold improvements US\$m	Plant & machinery US\$m	Furniture, equipment & motor vehicles US\$m	Total US\$m
2020						
Cost	134.8	411.2	872.9	701.2	518.7	2,638.8
Depreciation and impairment	(28.2)	(227.3)	(617.9)	(502.6)	(442.6)	(1,818.6)
Net book value at 1st January	106.6	183.9	255.0	198.6	76.1	820.2
Exchange differences	3.0	1.8	9.1	2.7	0.6	17.2
Additions	–	66.1	71.0	47.2	23.2	207.5
Disposal of subsidiaries	(10.8)	–	(10.1)	(7.0)	(3.2)	(31.1)
Disposals	(3.4)	(1.6)	(1.6)	(8.1)	(0.8)	(15.5)
Depreciation charge	(1.3)	(6.9)	(65.4)	(64.4)	(22.1)	(160.1)
(Impairment charge)/reversal of impairment charge	(1.6)	1.3	(4.0)	(2.1)	(17.3)	(23.7)
Reclassified to non-current assets held for sale	(35.4)	(7.2)	–	–	–	(42.6)
Net book value at 31st December	57.1	237.4	254.0	166.9	56.5	771.9
Cost	73.0	403.3	833.0	765.2	347.9	2,422.4
Depreciation and impairment	(15.9)	(165.9)	(579.0)	(598.3)	(291.4)	(1,650.5)
	57.1	237.4	254.0	166.9	56.5	771.9
2019						
Cost	133.4	398.1	802.2	691.9	503.2	2,528.8
Depreciation and impairment	(26.4)	(226.7)	(595.1)	(497.3)	(426.7)	(1,772.2)
Net book value at 1st January	107.0	171.4	207.1	194.6	76.5	756.6
Exchange differences	1.5	4.7	3.5	1.8	1.1	12.6
New subsidiary	–	–	0.1	0.5	–	0.6
Additions	–	26.3	116.4	73.0	21.9	237.6
Disposals	(0.5)	(17.8)	(5.0)	(7.5)	(0.6)	(31.4)
Depreciation charge	(1.4)	(8.0)	(64.6)	(63.4)	(22.8)	(160.2)
Reversal of impairment charge/ (impairment charge)	–	7.3	(2.5)	(0.4)	–	4.4
Net book value at 31st December	106.6	183.9	255.0	198.6	76.1	820.2
Cost	134.8	411.2	872.9	701.2	518.7	2,638.8
Depreciation and impairment	(28.2)	(227.3)	(617.9)	(502.6)	(442.6)	(1,818.6)
	106.6	183.9	255.0	198.6	76.1	820.2

10. Tangible Assets *continued*

Rental income from properties amounted to US\$12.3 million (2019: US\$23.3 million) which had no contingent rents (2019: nil).

The maturity analysis of the undiscounted lease payments to be received after the balance sheet date is as follows:

	2020	2019
	US\$m	US\$m
Within one year	9.6	16.2
Between one and two years	5.6	9.7
Between two and five years	3.2	6.0
Beyond five years	1.5	1.8
	19.9	33.7

There were no tangible assets pledged as security for borrowings at 31st December 2020 and 2019.

11. Right-of-use Assets

	Leasehold land	Properties	Furniture, equipment & other	Total
	US\$m	US\$m	US\$m	US\$m
2020				
Net book value at 1st January	196.1	2,988.1	2.1	3,186.3
Exchange differences	(0.8)	54.8	0.1	54.1
Additions	–	195.3	0.3	195.6
Disposal of subsidiaries	–	(105.1)	–	(105.1)
Depreciation charge	(3.9)	(784.2)	(1.0)	(789.1)
Impairment charge	(1.0)	(46.6)	–	(47.6)
Reclassified to non-current assets held for sale	(12.6)	–	–	(12.6)
Other movements	–	390.7	(0.2)	390.5
Net book value at 31st December	177.8	2,693.0	1.3	2,872.1

11. Right-of-use Assets continued

	Leasehold land US\$m	Properties US\$m	Furniture, equipment & other US\$m	Total US\$m
2019				
Net book value at 1st January	176.9	3,251.7	2.3	3,430.9
Exchange differences	5.3	26.3	0.1	31.7
New subsidiary	–	1.7	–	1.7
Additions	18.4	142.5	0.8	161.7
Depreciation charge	(4.0)	(809.6)	(1.3)	(814.9)
Impairment charge	–	(1.9)	–	(1.9)
Other movements	(0.5)	377.4	0.2	377.1
Net book value at 31st December	196.1	2,988.1	2.1	3,186.3

Furniture, equipment and other comprise furniture, equipment, plant and machinery, motor vehicles and other.

Other movements comprise mainly the increase of right-of-use assets from the lease renewals for the existing store sites.

The typical lease terms associated with the right-of-use assets are as follows:

Leasehold land	25 to 860 years
Properties	1 to 40 years
Furniture, equipment & other	1 to 10 years

There was no leasehold land pledged as security for borrowings at 31st December 2020 and 2019.

12. Associates and Joint Ventures

	2020 US\$m	2019 US\$m
Listed associates	986.3	928.1
Unlisted associate	489.6	466.7
Share of attributable net assets	1,475.9	1,394.8
Goodwill on acquisition	759.6	701.9
	2,235.5	2,096.7
Unlisted joint ventures	21.0	5.2
	2,256.5	2,101.9

12. Associates and Joint Ventures continued

	Associates		Joint ventures	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
<i>Movements of associates and joint ventures during the year:</i>				
At 1st January	2,096.7	2,018.9	5.2	12.0
Exchange differences	114.2	14.1	–	–
Share of results after tax and non-controlling interests	87.4	130.8	(2.5)	(4.5)
Share of other comprehensive income after tax and non-controlling interests	2.7	3.5	–	–
Dividends received	(67.6)	(88.5)	–	–
Acquisition and capital injections	–	15.0	18.3	3.8
Reclassification of a joint venture as a subsidiary	–	–	–	(6.1)
Other	2.1	2.9	–	–
At 31st December	2,235.5	2,096.7	21.0	5.2
Fair value of listed associates	2,534.0	2,565.4		

At 31st December 2020, the Group had 20% (2019: 20%) interest in Robinsons Retail Holdings, Inc. ('Robinsons Retail'), one of the largest retailers in the Philippines, listed on the Philippines Stock Exchange. The fair value of the Group's interest in Robinsons Retail was US\$426.8 million (2019: US\$497.7 million) and the carrying amount of the Group's interest was US\$650.4 million (2019: US\$612.2 million) at 31st December 2020.

(a) Investment in associates

The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investments in material associates in 2020 and 2019:

Name of entity	Nature of business	Country of incorporation/ place of listing	% of ownership interest	
			2020	2019
Maxim's Caterers Limited (Maxim's)	Restaurants	Hong Kong/Unlisted	50	50
Yonghui Superstores Co., Ltd (Yonghui)	Grocery retail	Mainland China/Shanghai	20.10	19.99

The Group's interest in Yonghui held by the Group increased from 19.99% to 20.10% following the cancellation of shares after a share buy-back scheme by Yonghui in July 2020.

12. Associates and Joint Ventures continued**(a) Investment in associates** continued**Summarised financial information for material associates**

Summarised balance sheets at 31st December (unless otherwise indicated):

	Maxim's		Yonghui	
	2020 US\$m	2019 US\$m	2020* US\$m	2019* US\$m
Non-current assets	2,762.6	2,848.0	7,276.8	7,074.7
Current assets				
Cash and cash equivalents	219.6	235.9	1,651.0	870.1
Other current assets	238.8	234.7	2,854.8	2,555.0
Total current assets	458.4	470.6	4,505.8	3,425.1
Non-current liabilities				
Financial liabilities†	(1,153.2)	(799.4)	(3,739.0)	(3,753.8)
Other non-current liabilities	(200.5)	(252.7)	(66.3)	(48.6)
Total non-current liabilities	(1,353.7)	(1,052.1)	(3,805.3)	(3,802.4)
Current liabilities				
Financial liabilities†	(621.6)	(1,022.5)	(1,903.4)	(1,081.9)
Other current liabilities	(123.5)	(169.5)	(2,786.1)	(2,495.4)
Total current liabilities	(745.1)	(1,192.0)	(4,689.5)	(3,577.3)
Non-controlling interests	(143.1)	(141.1)	(102.8)	(29.9)
Net assets	979.1	933.4	3,185.0	3,090.2

* Based on unaudited summarised balance sheet at 30th September 2020 and 2019, adjusted by the effect of adopting IFRS 16.

† Excluded trade and other payables and provisions, which are presented under other current and non-current liabilities.

12. Associates and Joint Ventures continued

(a) Investment in associates continued

Summarised financial information for material associates continued

Summarised statements of comprehensive income for the year ended 31st December (unless otherwise indicated):

	Maxim's		Yonghui	
	2020 US\$m	2019 US\$m	2020 [‡] US\$m	2019 [‡] US\$m
Sales	2,064.2	2,701.2	13,422.6	11,822.8
Depreciation and amortisation	(448.6)	(431.2)	(573.0)	(387.7)
Interest income	1.8	3.1	29.3	5.9
Interest expense	(48.7)	(40.2)	(230.7)	(223.2)
Profit from underlying business performance	69.1	208.7	166.1	110.9
Income tax expense	2.6	(38.0)	(34.8)	(28.4)
Profit after tax from underlying business performance	71.7	170.7	131.3	82.5
Profit after tax from non-trading items	–	–	42.3	56.2
Profit after tax	71.7	170.7	173.6	138.7
Non-controlling interests	1.0	(6.5)	9.1	32.8
Profit after tax and non-controlling interests	72.7	164.2	182.7	171.5
Other comprehensive income/(expense)	20.9	0.3	(0.6)	–
Total comprehensive income	93.6	164.5	182.1	171.5
Dividends received from associates	25.8	53.6	35.5	30.5

[‡] Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2020 and 30th September 2019, adjusted by the effect of adopting IFRS 16.

The information contained in the summarised balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition.

12. Associates and Joint Ventures *continued*

(a) Investment in associates *continued*

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

	Maxim's		Yonghui		Total	
	2020	2019	2020	2019	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Net assets	979.1	933.4	3,185.0*	3,090.2*		
<i>Interests in associates (%)</i>	50	50	20.10	19.99		
Group's share of net assets in associates	489.6	466.7	640.2	617.7	1,129.8	1,084.4
Goodwill	–	–	427.0	386.7	427.0	386.7
Other reconciling items	–	–	28.3	13.4	28.3	13.4
Carrying value	489.6	466.7	1,095.5	1,017.8	1,585.1	1,484.5
Fair value	n/a	n/a	2,107.2	2,067.7		

* Based on unaudited summarised balance sheet at 30th September 2020 and 2019, adjusted by the effect of adopting IFRS 16.

Contingent liabilities in respect of associates

There were no contingent liabilities relating to the Group's interests in associates at 31st December 2020 and 2019.

(b) Investment in joint ventures

In the opinion of the Directors, none of the Group's interests in unlisted joint ventures are considered material.

Commitments and contingent liabilities in respect of joint ventures

There were no commitments and contingent liabilities relating to the Group's interests in joint ventures at 31st December 2020 and 2019.

13. Other Investments

	2020	2019
	US\$m	US\$m
<i>Movements during the year:</i>		
At 1st January	6.8	7.4
Exchange differences	–	0.1
Change in fair value recognised in profit and loss	(0.8)	(0.7)
At 31st December	6.0	6.8

Other investments are unlisted non-current equity investments measured at fair value through profit and loss. The fair value is based on observable current market transactions.

14. Debtors

	2020	2019
	US\$m	US\$m
Trade debtors		
Third parties	86.2	95.8
Joint ventures	0.1	0.2
	86.3	96.0
Less: provision for impairment	(8.5)	(7.4)
	77.8	88.6
Other debtors		
Third parties	345.0	337.6
Less: provision for impairment	(4.4)	(2.5)
	340.6	335.1
	418.4	423.7
Non-current	114.8	142.4
Current	303.6	281.3
	418.4	423.7

Trade and other debtors, other than derivative financial instruments, are stated at amortised cost. The fair values of these debtors approximate their carrying amounts. Derivative financial instruments are stated at fair value.

Other debtors are further analysed as follows:

	2020	2019
	US\$m	US\$m
Derivative financial instruments	1.2	0.3
Rental and other deposits	164.3	176.9
Other receivables	21.1	14.8
Financial assets	186.6	192.0
Prepayments	53.9	50.6
Other	100.1	92.5
	340.6	335.1

Trade and other debtors

Sales to customers are mainly made in cash or by major credit cards. The average credit period on sale of goods and services varies among Group businesses and is normally not more than 30 days. The maximum exposure to credit risk is represented by the carrying amount of trade debtors after deducting the impairment allowance.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment of trade and other debtors is made based on the estimated irrecoverable amount.

14. Debtors *continued***Impairment of trade and other debtors**

At 31st December 2020, trade debtors of US\$8.5 million (2019: US\$7.4 million) were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors	
	2020	2019
	US\$m	US\$m
Below 30 days	2.6	–
Between 31 and 60 days	–	–
Between 61 and 90 days	–	–
Over 90 days	5.9	7.4
	8.5	7.4

The Group has assessed the expected impairment of other debtors, including rental and other deposits, based on the likelihood of collection of the balances at the time at which they are due. As 31st December 2020 and 2019, total amounts deemed uncollectible were immaterial.

Movements in the provisions for impairment are as follows:

	Trade debtors		Other debtors	
	2020	2019	2020	2019
	US\$m	US\$m	US\$m	US\$m
At 1st January	(7.4)	(2.5)	(2.5)	(2.0)
Exchange differences	(0.1)	(0.1)	(0.1)	–
Additional provisions	(2.3)	(4.9)	(3.8)	(1.7)
Unused amounts reversed	1.3	–	1.0	0.3
Amounts written off	–	0.1	1.0	0.9
At 31st December	(8.5)	(7.4)	(4.4)	(2.5)

There were no debtors pledged as security for borrowings at 31st December 2020 and 2019.

15. Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation	Fair value gains/ (losses)	Employee benefits	Provisions and other temporary differences	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
2020					
At 1st January	(13.3)	(1.5)	7.4	(9.3)	(16.7)
Exchange differences	0.3	0.1	0.1	0.3	0.8
(Charged)/credited to profit and loss	(15.4)	–	0.9	5.1	(9.4)
Credited/(charged) to other comprehensive income	–	1.8	(2.7)	–	(0.9)
Disposal of subsidiaries	(2.6)	–	(2.0)	2.0	(2.6)
At 31st December	(31.0)	0.4	3.7	(1.9)	(28.8)
Deferred tax assets	8.7	2.3	0.5	4.0	15.5
Deferred tax liabilities	(39.7)	(1.9)	3.2	(5.9)	(44.3)
	(31.0)	0.4	3.7	(1.9)	(28.8)
2019					
At 1st January	(20.8)	(2.9)	9.4	5.3	(9.0)
Exchange differences	(0.3)	(0.2)	0.1	0.5	0.1
Credited/(charged) to profit and loss	7.8	–	0.3	(0.1)	8.0
Credited/(charged) to other comprehensive income	–	1.6	(2.4)	–	(0.8)
Other movements	–	–	–	(15.0)	(15.0)
At 31st December	(13.3)	(1.5)	7.4	(9.3)	(16.7)
Deferred tax assets	10.3	0.5	2.4	5.0	18.2
Deferred tax liabilities	(23.6)	(2.0)	5.0	(14.3)	(34.9)
	(13.3)	(1.5)	7.4	(9.3)	(16.7)

15. Deferred Tax Assets/(Liabilities) continued

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US\$75.7 million (2019: US\$46.3 million) arising from unused tax losses of US\$328.2 million (2019: US\$192.1 million) have not been recognised in the financial statements. Included in the unused tax losses, US\$22.1 million have no expiry date and the balance will expire at various dates up to and including 2030.

At 31st December 2020, no deferred tax liabilities arising on temporary differences associated with investment in subsidiaries had been recognised as there were no undistributed earnings of these subsidiaries. At 31st December 2019, deferred tax liabilities of US\$1.8 million arising on temporary differences associated with investment in subsidiaries of US\$18.4 million had not been recognised as there was no intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

16. Cash and Bank Balances

	2020	2019
	US\$m	US\$m
Deposits with banks	89.7	72.2
Bank balances	81.0	113.9
Cash balances	106.9	115.3
	277.6	301.4
<i>Analysis by currency:</i>		
Australian dollar	–	2.9
Chinese renminbi	14.8	25.8
Hong Kong dollar	87.9	87.0
Indonesian rupiah	19.3	15.2
Macau patacas	40.4	30.9
Malaysian ringgit	8.5	18.5
New Taiwan dollar	76.0	36.2
Philippine peso	0.6	8.2
Singapore dollar	13.4	16.3
United States dollar	11.5	57.5
Other	5.2	2.9
	277.6	301.4

The weighted average interest rate on deposits with banks at 31st December 2020 was 0.4% (2019: 2.2%) per annum.

17. Non-current Assets Held for Sale

At 31st December 2020, the non-current assets held for sale represented six retail properties in Malaysia and three properties in Taiwan. The sale of these properties is highly probable in 2021 at amounts not materially different from their carrying values.

18. Creditors

	2020 US\$m	2019 US\$m
Trade creditors		
– third parties	1,174.9	1,394.0
– associates	2.5	2.4
	1,177.4	1,396.4
Accruals	707.0	727.1
Rental and other refundable deposits	28.9	27.8
Deferred consideration for acquisition of a subsidiary	–	21.4
Derivative financial instruments	13.0	4.0
Other creditors	12.4	15.0
Financial liabilities	1,938.7	2,191.7
Contract liabilities	160.4	136.0
Rental income received in advance	0.6	0.9
Other	4.0	–
	2,103.7	2,328.6
Non-current	43.2	13.2
Current	2,060.5	2,315.4
	2,103.7	2,328.6

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair values of these creditors approximate their carrying amounts.

Contract liabilities principally include payments received in advance from customers for sale of unredeemed gift vouchers and loyalty points.

During the year, sales recognised related to carried-forwarded contract liabilities amounted to US\$134.3 million (2019: US\$94.7 million).

19. Borrowings

	2020 US\$m	2019 US\$m
Current		
– bank overdrafts	43.4	13.1
– other bank advances	568.1	925.1
	611.5	938.2
Current portion of long-term borrowings		
– bank loans	213.0	–
– other loans	27.5	–
	240.5	–
Long-term borrowings		
– bank loans	214.7	184.0
– other loans	27.6	–
	242.3	184.0
	1,094.3	1,122.2

19. Borrowings *continued*

All borrowings are unsecured. The fair values of bank borrowings are not materially different from their carrying amounts.

Other loans represented the balance drawn from the interest-free facility. In 2020, an interest-free loan facility amounted to US\$75.7 million was offered by the Singapore government via Singapore Economic Development Board to the Group in response to the COVID-19 pandemic with the aim to ensure sufficient supply of essential food commodities and confidence markers as and when required by the government for the nation's consumption within an agreed time frame.

The Group's borrowings are further summarised as follows:

By currency	Fixed rate borrowings			Floating rate borrowings US\$m	Other borrowings US\$m	Total US\$m
	Weighted average interest rates %	Weighted average period outstanding Year	US\$m			
2020						
Chinese renminbi	4.4	–	–	46.8	–	46.8
Hong Kong dollar	1.0	–	–	365.3	–	365.3
Indonesia rupiah	6.9	–	–	38.2	–	38.2
Malaysian ringgit	2.9	–	–	212.0	–	212.0
New Taiwan dollar	1.3	–	–	64.1	–	64.1
Singapore dollar	–	–	–	–	55.1	55.1
United States dollar	0.7	0.2	100.0	212.8	–	312.8
			100.0	939.2	55.1	1,094.3
2019						
Chinese renminbi	4.4	–	–	14.3	–	14.3
Hong Kong dollar	4.0	–	–	536.4	–	536.4
Malaysian ringgit	4.1	–	–	192.3	–	192.3
New Taiwan dollar	2.1	–	–	10.7	–	10.7
Philippine peso	3.9	–	–	4.0	–	4.0
United States dollar	2.5	–	–	364.5	–	364.5
			–	1,122.2	–	1,122.2

The weighted average interest rates and period of fixed rate borrowings were stated after taking into account hedging transactions.

19. Borrowings *continued*

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions is as follows:

	2020	2019
	US\$m	US\$m
Floating rate borrowings	939.2	1,122.2
Fixed rate borrowings		
– within one year	100.0	–
	1,039.2	1,122.2

The movements in borrowings are as follows:

	Bank overdrafts	Short-term borrowings	Long-term borrowings	Total
	US\$m	US\$m	US\$m	US\$m
2020				
At 1st January	13.1	925.1	184.0	1,122.2
Exchange differences	2.4	9.8	4.3	16.5
Transfer	–	201.4	(201.4)	–
Change in fair value	–	–	(1.6)	(1.6)
Change in bank overdrafts	27.9	–	–	27.9
Drawdown of borrowings	–	858.9	257.0	1,115.9
Repayment of borrowings	–	(918.5)	–	(918.5)
Net decrease in other short-term borrowings	–	(268.1)	–	(268.1)
At 31st December	43.4	808.6	242.3	1,094.3
2019				
At 1st January	11.7	1,014.0	14.5	1,040.2
Exchange differences	(0.1)	6.9	0.3	7.1
Change in bank overdrafts	1.5	–	–	1.5
Drawdown of borrowings	–	1,469.7	308.7	1,778.4
Repayment of borrowings	–	(1,523.1)	(139.5)	(1,662.6)
Net decrease in other short-term borrowings	–	(42.4)	–	(42.4)
At 31st December	13.1	925.1	184.0	1,122.2

Net change in other short-term borrowings represents the aggregated net drawdown and repayment movement under the Group's global liquidity cash pooling scheme, which is implemented for enhancing the daily cash flow management.

20. Lease Liabilities

	2020	2019
	US\$m	US\$m
At 1st January	3,305.8	3,552.6
Exchange differences	62.9	29.7
New subsidiaries	–	1.8
Additions	191.6	139.3
Disposal of subsidiaries	(111.2)	–
Lease payments	(817.5)	(909.5)
Interest expense	111.0	119.2
Other movements	327.8	372.7
At 31st December	3,070.4	3,305.8
Non-current	2,386.3	2,577.5
Current	684.1	728.3
	3,070.4	3,305.8

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group was not exposed to any residual guarantees in respect of the leases entered into at 31st December 2020 and 2019.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2020 (2019: US\$107.6 million).

21. Provisions

	Closure cost provisions US\$m	Reinstatement and restoration costs US\$m	Total US\$m
2020			
At 1st January	28.5	152.6	181.1
Exchange differences	(0.3)	1.4	1.1
Additional provisions	14.2	4.2	18.4
Disposal of subsidiaries	(0.3)	(5.7)	(6.0)
Unused amounts reversed	(13.5)	(8.5)	(22.0)
Utilised	(14.6)	(4.2)	(18.8)
At 31st December	14.0	139.8	153.8
Non-current	0.1	109.9	110.0
Current	13.9	29.9	43.8
	14.0	139.8	153.8
2019			
At 1st January	65.3	153.6	218.9
Exchange differences	1.2	1.4	2.6
New subsidiary	–	0.1	0.1
Additional provisions	10.6	5.4	16.0
Unused amounts reversed	(8.7)	(1.3)	(10.0)
Utilised	(39.9)	(6.6)	(46.5)
At 31st December	28.5	152.6	181.1
Non-current	0.3	124.8	125.1
Current	28.2	27.8	56.0
	28.5	152.6	181.1

Closure cost provisions are established when legal or constructive obligations, and obligations from restructuring plans, arise from store closure or disposal of businesses.

Provisions for reinstatement and restoration costs comprise the estimated costs, to be incurred by the Group as lessees, in dismantling and removing the underlying assets, restoring the sites on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the leases.

22. Pension Plans

The Group operates defined benefit pension plans in Hong Kong, Indonesia, Taiwan and the Philippines, with the major plan in Hong Kong. These plans are final salary defined benefits, calculated based on members' lengths of service and their salaries in the final years leading up to retirement. All pension benefits are paid in one lump sum. With the exception of certain plans, all the defined benefit plans are closed to new members. In addition, all plans are impacted by discount rate while liabilities are driven by salary growth.

The Group's defined benefit plans are both funded and unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognised in the consolidated balance sheet are as follows:

	2020	2019
	US\$m	US\$m
Fair value of plan assets	187.9	183.2
Present value of funded obligations	(194.7)	(208.0)
	(6.8)	(24.8)
Present value of unfunded obligations	(6.6)	(6.5)
Net pension liabilities	(13.4)	(31.3)
<i>Analysis of net pension liabilities:</i>		
Pension assets	–	–
Pension liabilities	(13.4)	(31.3)
	(13.4)	(31.3)

22. Pension Plans *continued*

The movements in the net pension liabilities are as follows:

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m
2020			
At 1st January	183.2	(214.5)	(31.3)
Current service cost	–	(17.7)	(17.7)
Interest income/(expense)	5.3	(5.9)	(0.6)
Past service cost	–	(3.9)	(3.9)
Administration expenses	(1.1)	–	(1.1)
	4.2	(27.5)	(23.3)
	187.4	(242.0)	(54.6)
Exchange differences	1.4	(1.9)	(0.5)
Disposal of subsidiaries	(10.1)	18.3	8.2
Remeasurements			
– return on plan assets, excluding amounts included in interest income	13.1	–	13.1
– change in financial assumptions	–	(1.0)	(1.0)
– experience gains	–	4.2	4.2
	13.1	3.2	16.3
Contributions from employers	12.4	–	12.4
Contributions from plan participants	0.1	(0.1)	–
Benefit payments	(1.1)	1.4	0.3
Settlements	(14.1)	18.6	4.5
Transfer (to)/from other plans	(1.2)	1.2	–
At 31st December	187.9	(201.3)	(13.4)
2019			
At 1st January	169.3	(216.9)	(47.6)
Current service cost	–	(17.9)	(17.9)
Interest income/(expense)	5.7	(7.0)	(1.3)
Past service cost	–	(17.3)	(17.3)
Administration expenses	(1.2)	–	(1.2)
	4.5	(42.2)	(37.7)
	173.8	(259.1)	(85.3)
Exchange differences	1.2	(1.8)	(0.6)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	15.8	–	15.8
– change in financial assumptions	–	(6.5)	(6.5)
– experience gains	–	6.6	6.6
	15.8	0.1	15.9
Contributions from employers	17.9	–	17.9
Contributions from plan participants	0.1	(0.1)	–
Benefit payments	(1.5)	3.0	1.5
Settlements	(21.6)	40.9	19.3
Transfer (to)/from other plans	(2.5)	2.5	–
At 31st December	183.2	(214.5)	(31.3)

22. Pension Plans *continued*

The weighted average duration of the defined benefit obligations at 31st December 2020 was 7.1 years (2019: 7.6 years).

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2020	2019
	US\$m	US\$m
Within one year	17.1	17.1
Between one and two years	19.6	18.8
Between two and five years	65.3	70.9
Between five and ten years	103.7	123.9
Between ten and fifteen years	96.6	116.7
Between fifteen and twenty years	58.3	89.2
Beyond twenty years	46.7	125.3
	407.3	561.9

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	Hong Kong		Indonesia		Taiwan		The Philippines	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%	%	%
Discount rate	1.9	3.0	6.3	7.0	0.5	0.8	4.0	5.2
Salary growth rate	3.8	4.8	4.2	5.7	2.1	1.8	4.0	4.9

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is as follows:

	Change in assumption	(Increase)/decrease on defined benefit obligations	
		Increase in assumption	Decrease in assumption
	%	US\$m	US\$m
Discount rate	1	13.4	(15.1)
Salary growth rate	1	(15.4)	13.7

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liabilities recognised within the balance sheet.

22. Pension Plans *continued*

The analysis of the fair value of plan assets at 31st December is as follows:

	2020	2019
	US\$m	US\$m
Equity investments		
Asia Pacific	–	0.3
Debt investments		
Asia Pacific	–	2.1
Investment funds		
Asia Pacific	51.3	47.4
Europe	35.1	37.6
North America	79.0	71.1
Global	18.8	17.2
	184.2	173.3
Total investments	184.2	175.7
Cash and cash equivalents	14.5	11.4
Benefits payable and other	(10.8)	(3.9)
	187.9	183.2

At 31st December 2020, 92% of investment funds were quoted on active markets. In 2019, 100% of equity investments and debt investments, and 94% of investment funds were quoted on active markets.

The strategic asset allocation is derived from the asset-liability modelling ('ALM') review, completed triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2018, with the modified strategic asset allocation adopted in 2018. The next ALM review is scheduled for 2021.

At 31st December 2020, the Hong Kong plans had assets of US\$185.3 million (2019: US\$171.5 million).

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2020 were US\$12.4 million and the estimated amounts of contributions expected to be paid to all its plans in 2021 are US\$11.2 million.

23. Share Capital

			2020	2019
			US\$m	US\$m
Authorised:				
2,250,000,000 shares of US\$5 5/9 each			125.0	125.0
500,000 shares of US\$800 each			400.0	400.0
			525.0	525.0
	Ordinary shares in millions		2020	2019
	2020	2019	US\$m	US\$m
Issued and fully paid:				
Ordinary shares of US\$5 5/9 each				
At 31st December	1,352.7	1,352.7	75.1	75.1

24. Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices, however, share awards which will vest free of payment may also be made. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

An LTIP was adopted by the Company on 5th March 2015. Under these awards, free shares are received by the participants to the extent the award vests. Conditions, if any, are at the discretion of the Directors. There were no share awards granted in 2020 and 2019.

Prior to the adoption of the LTIP, The Dairy Farm International Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company. The exercise prices of the granted options were, in general, based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options are normally vested over a period of up to three years and are exercisable for up to ten years following the date of grant.

The fair value of options granted during the year, determined using the trinomial valuation model, was US\$0.1 million. The significant inputs into the model, based on the number of options issued, were share price of US\$4.46 at the grant date, exercise price of US\$5.93, expected volatility based on the last five years of 24.21%, dividend yield of 4.33%, option life of six years, and annual risk-free interest rate of 0.35%. Options are assumed to be exercised at the end of the fifth year following the date of grant. No options were granted in 2019.

24. Share-based Long-term Incentive Plans *continued*

Movements of the outstanding conditional awards during the year:

At 31st December 2020, the outstanding conditional awards amounted to 0.6 million (2019: 0.6 million). There was no movement during the year.

Outstanding conditional awards at 31st December:

Awards vest date	Ordinary shares in millions	
	2020	2019
2021	0.2	0.2
2022	0.2	0.2
2023	0.2	0.2
Total outstanding	0.6	0.6

Movements of the outstanding options during the year:

	2020		2019	
	Weighted average exercise price US\$	Options in millions	Weighted average exercise price US\$	Options in millions
At 1st January	8.5014	1.7	8.2155	2.7
Granted	5.9320	0.4	–	–
Exercised	–	–	7.7907	(0.1)
Lapsed	7.3315	(0.8)	7.7249	(0.9)
At 31st December	8.4746	1.3	8.5014	1.7

The average share price during the year was US\$4.51 (2019: US\$7.36) per share.

24. Share-based Long-term Incentive Plans *continued**Outstanding options at 31st December:*

Expiry date	Exercise price	Options in millions	
	US\$	2020	2019
2023	12.1580	0.2	0.2
2026	5.9320	0.4	0.5
2027	8.9060	0.7	1.0
Total outstanding		1.3	1.7
of which exercisable		1.3	0.9

A new LTIP 2018-2022 was adopted by the Company on 5th December 2018. The cash-settled scheme has been designed to align management's reward with shareholders' interests, over a five-year period, while also considering how management delivers earnings growth. This scheme is aimed at investing in new people capabilities as well as retaining high potential individuals for stronger succession planning. The scheme has been designed to appropriately compensate, attract and retain experienced senior management.

The scheme will be predominantly measured based on compound growth in underlying earnings per share. To ensure that the growth is delivered appropriately, another measure based on health of business (focused on areas such as quality of earnings and balance sheet strength) is also incorporated. Finally, a sustainability check will be applied after the end of the five-year period to ensure that the results are sustainable.

25. Share Premium and Capital Reserves

	Share premium	Capital reserves	Total
	US\$m	US\$m	US\$m
2020			
At 1st January	34.1	25.1	59.2
Share-based long-term incentive plans			
– value of employee services	–	1.2	1.2
– share options lapsed	–	(0.8)	(0.8)
At 31st December	34.1	25.5	59.6
2019			
At 1st January	33.9	24.4	58.3
Share-based long-term incentive plans			
– value of employee services	–	2.0	2.0
– share options lapsed	–	(1.1)	(1.1)
Transfer	0.2	(0.2)	–
At 31st December	34.1	25.1	59.2

25. Share Premium and Capital Reserves *continued*

Capital reserves comprise contributed surplus of US\$20.1 million (2019: US\$20.1 million) and other reserves of US\$5.4 million (2019: US\$5.0 million), which represent the value of employee services under the Company's share-based long-term incentive plans. The contributed surplus principally arose from the conversion of convertible preference shares in 1989 and, under the Bye-laws of the Company, is distributable.

26. Dividends

	2020	2019
	US\$m	US\$m
Final dividend in respect of 2019 of US\$14.50 (2018: US\$14.50) per share	196.1	196.1
Interim dividend in respect of 2020 of US\$5.00 (2019: US\$6.50) per share	67.7	87.9
	263.8	284.0

A final dividend in respect of 2020 of US\$11.50 (2019: US\$14.50) per share amounting to a total of US\$155.6 million (2019: US\$196.1 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2021 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2021.

27. Non-controlling Interests

Summarised financial information on a subsidiary with material non-controlling interests

The following is the summarised financial information for PT Hero, a subsidiary with non-controlling interests that is material to the Group.

Summarised balance sheet at 31st December:

	2020	2019
	US\$m	US\$m
Current		
Assets	106.9	180.6
Liabilities	(166.1)	(155.8)
Total current net (liabilities)/assets	(59.2)	24.8
Non-current		
Assets	180.3	239.3
Liabilities	(39.9)	(47.7)
Total non-current net assets	140.4	191.6
Net assets	81.2	216.4
Non-controlling interests	(10.4)	(24.7)

27. Non-controlling Interests *continued*

Summarised financial information on a subsidiary with material non-controlling interests *continued*

Summarised statement of comprehensive income for the year ended 31st December:

	2020	2019
	US\$m	US\$m
Sales	607.2	868.2
(Loss)/profit after tax from underlying business performance	(36.0)	16.9
Loss after tax from non-trading items	(65.1)	(10.9)
(Loss)/profit after tax	(101.1)	6.0
Other comprehensive (expense)/income	(6.1)	9.9
Total comprehensive (expense)/income	(107.2)	15.9
Total comprehensive (expense)/income allocated to non-controlling interests	(13.6)	2.0
Dividends paid to non-controlling interests	–	–

Summarised cash flows for the year ended 31st December:

	2020	2019
	US\$m	US\$m
Cash generated from operations	(17.7)	36.4
Interest received	0.1	0.8
Interest and other financing charges paid	(1.9)	(5.5)
Tax received/(paid)	1.1	(5.9)
Cash flows from operating activities	(18.4)	25.8
Cash flows from investing activities	(11.0)	(33.7)
Cash flows from financing activities	17.1	(15.5)
Net decrease in cash and cash equivalents	(12.3)	(23.4)
Cash and cash equivalents at 1st January	12.1	34.5
Effect of exchange rate changes	(0.6)	1.0
Cash and cash equivalents at 31st December	(0.8)	12.1

The information above is the amount before intercompany eliminations.

28. Geographical Analysis of Non-current Assets

Set out below is an analysis of the Group's non-current assets, excluding financial instruments, non-current debtors and deferred tax assets, by geographical area:

	2020	2019
	US\$m	US\$m
North Asia	3,914.4	4,344.2
Southeast Asia	2,406.7	2,353.4
At 31st December	6,321.1	6,697.6

29. Notes to Consolidated Cash Flow Statement

	2020 US\$m	2019 US\$m
(a) Depreciation and amortisation		
Food	652.7	663.8
– Grocery retail	406.8	418.8
– Convenience stores	245.9	245.0
Health and Beauty	222.6	248.9
Home Furnishings	86.5	72.2
Selling, general and administrative expenses	21.6	17.3
	983.4	1,002.2
(b) Other non-cash items		
<i>By nature:</i>		
Profit on sale of businesses	(75.2)	–
Loss on reclassification of a joint venture as a subsidiary	–	13.9
Loss on sale of tangible and intangible assets	7.7	5.1
Fair value loss on other investments	0.8	0.7
Adjustment to deferred consideration for acquisition of a subsidiary	–	(3.6)
Impairment of tangible and intangible assets	73.2	11.9
Impairment of right-of-use assets	47.6	1.9
Write down of stocks	16.3	2.5
Reversal of write down of stocks	(1.3)	(6.3)
Change in provisions	(7.7)	(6.7)
Gain on lease modification and termination	(13.1)	(4.1)
Share-based payment	1.2	0.9
Business correction provisions	2.4	16.3
Fair value loss on fair value hedges	–	0.7
Rent concessions received	(68.5)	–
Notional interest expense on other loans	0.8	–
Amortisation of government grant on other loans	(0.8)	–
	(16.6)	33.2
(c) Increase in working capital		
Decrease in stocks	52.1	30.7
(Increase)/decrease in debtors	(4.4)	52.1
Decrease in creditors	(149.8)	(159.5)
	(102.1)	(76.7)

29. Notes to Consolidated Cash Flow Statement *continued*

(d) Purchase of subsidiaries

Net cash outflow for purchase of a subsidiary of US\$21.4 million in 2020 represented the settlement of deferred consideration for the Group's acquisition of the 100% interest in San Miu Supermarket Limited, a supermarket chain in Macau, in 2015.

Net cash outflow in 2019 represented US\$2.6 million for the acquisition of the remaining 70% shareholding in Jutaria which operates mini-marts in Malaysia (*note 8*).

The fair values of the identifiable assets and liabilities at the acquisition date of the subsidiary acquired during 2019 were provisional and finalised in 2020 with no change to the provisional values.

(e) Purchase of associates and joint ventures in 2020 mainly related to capital injections of US\$15.0 million in a newly established digital joint venture to support the Group's e-commerce development and drive its digital innovation, and US\$3.3 million in the Group's newly set up health and beauty joint venture in Thailand.

Purchase in 2019 mainly related to capital injection of US\$3.8 million in the Group's business in Vietnam.

(f) Sale of subsidiaries

	2020
	US\$m
Intangible assets	109.5
Tangible assets	31.1
Right-of-use assets	105.1
Non-current debtors	8.3
Deferred tax assets	2.6
Current assets	105.6
Current liabilities	(111.2)
Non-current liabilities	(94.5)
Net assets disposed of	156.5
Release of exchange reserves	(16.9)
Profit on disposals	75.2
Net sale proceeds	214.8
Cash and cash equivalents of the subsidiaries disposed of	(35.1)
Costs payable	13.4
Net cash inflows	193.1

In October 2020, the Group deepened its strategic partnership with Robinsons Retail, an associate of the Group, by disposing of its 100% interest in Rose Pharmacy, operating a health and beauty chain in the Philippines, to a subsidiary of Robinsons Retail, for a net cash inflow of US\$83.8 million (*note 8*).

In December 2020, the Group disposed of its 100% interest in Wellcome Taiwan, operating a supermarket chain in Taiwan, to a third party, for a net cash inflow of US\$109.3 million (*note 8*).

29. Notes to Consolidated Cash Flow Statement *continued*

(g) Sale of a property

Sale of a property in 2020 and 2019 related to disposal of a property in Malaysia and Singapore, respectively.

(h) Change in interest in a subsidiary

In 2020, the Group acquired an additional 0.8% interest in PT Hero for a total consideration of US\$1.9 million. In 2019, an additional 2.75% interest was acquired for US\$6.7 million.

(i) Cash outflows for leases

	2020	2019
	US\$m	US\$m
Lease rentals paid	(817.5)	(909.5)
Additions to right-of-use assets	–	(18.4)
	(817.5)	(927.9)
The above cash outflows are included in		
– operating activities	(111.0)	(119.2)
– investing activities	–	(18.4)
– financing activities	(706.5)	(790.3)
	(817.5)	(927.9)

(j) Analysis of balances of cash and cash equivalents

	2020	2019
	US\$m	US\$m
Cash and bank balances (<i>note 16</i>)	277.6	301.4
Bank overdrafts (<i>note 19</i>)	(43.4)	(13.1)
	234.2	288.3

30. Derivative Financial Instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2020		2019	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	US\$m	US\$m	US\$m	US\$m
Designated as cash flow hedges				
– forward foreign exchange contracts	1.2	12.6	0.3	3.3
– interest rate swaps	–	0.4	–	–
	1.2	13.0	0.3	3.3
Designated as fair value hedges				
– forward foreign exchange contracts	–	–	–	0.7
	–	–	–	0.7

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2020 were US\$761.6 million (2019: US\$568.0 million).

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts were US\$100.0 million at 31st December 2020, and the fixed interest rates relating to interest rate swaps at 0.39% per annum. The fair values of interest rate swaps were based on the estimated cash flows discounted at market rate at 2.4% per annum.

The outstanding interest rate swaps contracts of an aggregate notional principal and contract amount of US\$100.0 million at 31st December 2020 are impacted by the IBOR reform.

31. Commitments

	2020 US\$m	2019 US\$m
Capital commitments		
Authorised not contracted	89.0	227.4
Contracted not provided	48.5	111.4
	137.5	338.8

Operating lease commitments for short-term and low-value asset leases which were due within one year amounted to US\$3.1 million (2019: US\$1.3 million).

Total future sublease payments receivable amounted to US\$29.3 million (2019: US\$16.3 million).

32. Contingent Liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

33. Related Party Transactions

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate parent company is Jardine Matheson Holdings Limited (‘JM’). Both companies are incorporated in Bermuda.

In the normal course of business the Group undertakes a variety of transactions with JM and certain of its subsidiaries, associates and joint ventures. The more significant of such transactions are described below.

Under the terms of a Management Services Agreement, the management fee payable by the Group was US\$1.4 million (2019: US\$1.6 million) to Jardine Matheson Limited (‘JML’), a wholly-owned subsidiary of JM, based on 0.5% of the Group’s profit attributable to shareholders in consideration for certain management consultancy services provided by JML. The Group also paid directors’ fees of US\$0.4 million in 2020 (2019: US\$0.5 million) to JML.

The Group rents properties from Hongkong Land Holdings Limited (‘HKL’), a subsidiary of JM. The lease payments paid by the Group to HKL in 2020 were US\$2.6 million (2019: US\$3.3 million). The Group’s 50%-owned associate, Maxim’s, also paid lease payments of US\$10.2 million (2019: US\$13.5 million) to HKL in 2020.

The Group obtains repairs and maintenance services from Jardine Engineering Corporation (‘JEC’), a subsidiary of JM. The total fees paid by the Group to JEC in 2020 amounted to US\$1.2 million (2019: US\$4.9 million).

Maxim’s supplies ready-to-eat products at arm’s length to certain subsidiaries of the Group. In 2020, these amounted to US\$28.8 million (2019: US\$32.4 million).

In October 2020, the Group disposed of its 100% interest in Rose Pharmacy to its associate, Robinsons Retail, and a loss of US\$22.0 million was recognised.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate.

Balances with group companies of JM at 31st December 2020 and 2019 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors’ remuneration (being key management personnel compensation) are shown on page 145 under the heading of ‘Remuneration in 2020’.

34. Summarised Balance Sheet of the Company

Included below is certain summarised balance sheet information of the Company at 31st December disclosed in accordance with Bermuda law.

	2020	2019
	US\$m	US\$m
Subsidiaries, at cost less provision*	473.7	462.7
Current liabilities	(2.5)	(1.4)
Net operating assets	471.2	461.3
Share capital (note 23)	75.1	75.1
Share premium and capital reserves (note 25)	59.6	59.2
Revenue and other reserves	336.5	327.0
Shareholders' funds	471.2	461.3

* Included intercompany balances due from/(to) subsidiaries.

35. Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2020 are set out below:

Company name	Country of incorporation	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2020 held by	
			2020 %	2019 %	the Group %	non-controlling interests %
Dairy Farm Management Limited [†]	Bermuda	Holding	100	100	100	–
Dairy Farm Management Services Limited [†]	Bermuda	Group management	100	100	100	–
DFI Treasury Limited [†]	British Virgin Islands	Treasury	100	100	100	–
DFI (China) Commercial Investment Holding Company Ltd	Mainland China	Investment holding	100	100	100	–
Guangdong Sai Yi Convenience Stores Limited	Mainland China	Convenience stores	65	65	65	35
Mannings Guangdong Retail Company Limited	Mainland China	Health and beauty stores	100	100	100	–
The Dairy Farm Company, Limited	Hong Kong	Investment holding, grocery retail, convenience, health and beauty and home furnishings stores	100	100	100	–

35. Principal Subsidiaries *continued*

Company name	Country of incorporation	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2020 held by	
			2020 %	2019 %	the Group %	non-controlling interests %
Wellcome Company Limited	Hong Kong	Property and food processing	100	100	100	–
San Miu Supermarket Limited	Macau	Grocery retail	100	100	100	–
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings stores	100	100	100	–
GCH Retail (Malaysia) Sdn. Bhd.	Malaysia	Grocery retail	85	85	70	30
Guardian Health And Beauty Sdn. Bhd.	Malaysia	Health and beauty stores	100	100	100	–
PT Hero Supermarket Tbk	Indonesia	Grocery retail, health and beauty and home furnishings stores	89	89	89	11
Guardian Health And Beauty (B) Sdn. Bhd.	Brunei	Health and beauty stores	100	100	100	–
Cold Storage Singapore (1983) Pte Limited	Singapore	Grocery retail, convenience and health and beauty stores	100	100	100	–
DFI Lucky Private Limited	Cambodia	Grocery retail and health and beauty stores	70	70	70	30

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

† Directly held by the Company.

36. Principal Accounting Policies

Basis of consolidation

- (i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.
- (ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

- (iii) An associate is an entity, not being a subsidiary or a joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

- (iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.
- (v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

36. Principal Accounting Policies *continued*

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. All other exchange differences are recognised in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rates of exchange ruling at the year end.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is a separately identifiable cash flow. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value-in-use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets

- (i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

36. Principal Accounting Policies *continued*

Intangible assets *continued*

- (ii) Other intangible assets, consisting of trademarks and computer software, are stated at cost less accumulated amortisation and impairment. Amortisation is calculated on the straight-line basis to allocate the cost of intangible assets over their estimated useful lives. Trademarks with indefinite useful lives are not subject to amortisation.

Tangible assets and depreciation

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Buildings on freehold and leasehold land are stated at cost less any accumulated depreciation and impairment. Other tangible assets are stated at cost less amounts provided for depreciation and impairment.

Depreciation of tangible assets is calculated on the straight-line basis to allocate the cost of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	25 to 40 years
Buildings on leasehold land	Shorter of the lease term or useful life
Leasehold improvements	Shorter of unexpired lease term or useful life
Plant and machinery	3 to 15 years
Furniture, equipment and motor vehicles	3 to 7 years

Where the carrying amount of a tangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible assets is recognised by reference to their carrying amounts.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

As a lessee, the Group enters into property leases for use as retail stores, distribution centres and offices. The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

36. Principal Accounting Policies *continued*

Leases *continued*

The Group also has interests in leasehold land for use in its operations. Lump sum payments are made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest rate method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or a rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (i.e. US\$5,000 or less) and short-term leases. Low-value assets comprise IT equipment and small items of office furniture. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are due within 12 months from the balance sheet date.

36. Principal Accounting Policies *continued*

Investments

The Group's investments are measured at fair value through profit and loss. The classification is based on the management's business model and their contractual cash flow characteristics.

Equity investments are measured at fair value with fair value gains and losses recognised in profit and loss. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

Investments are classified as non-current assets. All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments.

Stocks

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises purchase price less rebates. A stock provision is recognised when the net realisable value from sale of the stock is estimated to be lower than the carrying value.

Debtors

Trade and other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks, and cash and bank balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made. Obligations arising from restructuring plans are recognised when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features to those affected by it.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest rate method. All borrowing costs are expensed as incurred.

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.

36. Principal Accounting Policies *continued*

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management 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 tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred 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 tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax bases. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Employee benefits

(i) Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

The Group's total contributions relating to the defined contribution plans are charged to profit and loss in the year to which they relate.

36. Principal Accounting Policies *continued*

Employee benefits *continued*

(ii) Share-based compensation

The Company operates a number of equity-settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the share options or the share awards in respect of options or awards granted after 7th November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options or share awards granted as determined on the grant date. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to become exercisable and the number of share awards which will be vested free of payment. The impact of the revision of original estimates, if any, is recognised in profit and loss.

Non-current assets and disposal group held for sale

Non-current assets and disposal group are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are expected to be recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortised or depreciated.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge').

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to profit and loss over the residual period to maturity.

36. Principal Accounting Policies *continued*

Derivative financial instruments *continued*

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion are recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised in profit and loss when the committed or forecasted transaction occurs. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualified as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains and losses on equity investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures, and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

36. Principal Accounting Policies *continued*

Earnings per share

Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the shares held by the Trustee under the Share-based Long-term Incentive Plans. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Sales recognition

Sales consist of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. These do not include sales generated by associates and joint ventures. Sale of goods is recognised at the point of sale, when the control of the asset is transferred to customers, and is recorded at the net amount received from customers.

Buying income

Supplier incentives, rebates and discounts are collectively referred to as buying income. Buying income is recognised when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract.

The income is recognised as a credit within cost of sales. Where the income earned relates to stocks which are held by the Group at period ends, the income is included within the cost of those stocks, and recognised in cost of sales upon sale of those stocks. The accrued value at the reporting date is included in trade debtors or trade creditors, depending on the right of offset.

The key types of buying income which the Group receives include:

- Discounts and incentives relate to individual unit sales.
- Sales volume-based incentives based on achieving certain purchases on promotion for an event or a period.
- Conditional incentives subject to satisfaction of certain conditions by the Group.
- Fixed amounts agreed with suppliers for supporting in-store activity.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

36. Principal Accounting Policies *continued*

Other operating income

Other operating income primarily comprises income from concessions, service income, rental income, government grants and rent concessions received in relation to the COVID-19 pandemic. Concessions and service income are based on the Group's contractual commission. Rental income is accounted for as earned.

Rent concessions received as a direct consequence of the COVID-19 pandemic are recognised in the profit and loss over the period in which they cover when the specific conditions are met.

Pre-operating costs

Pre-operating costs are expensed as incurred.

37. Standards and Amendments Issued But Not Yet Effective

A number of amendments effective for accounting periods beginning after 2020 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects the adoption will not have a significant impact on the Group's consolidated financial statements. The more important amendments are set out below.

- (i) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1st January 2021) provides practical expedients as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group will apply the amendments from 1st January 2021, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- (ii) Amendment to IFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendment clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- (iii) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendments from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

38. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group's entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group assesses whether the derivative designated in each hedging relationship has been and is expected to be effective in offsetting changes in cash flow of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- (i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- (ii) Differences in critical terms between the interest rate swaps and loans; and
- (iii) The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2020 in relation to interest rate swaps was not material while there was no interest rate swap in 2019.

38. Financial Risk Management *continued*

Financial risk factors *continued*

(i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group uses forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage foreign exchange risk arising from future commercial transactions. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. There are no significant monetary balances held by Group companies at 31st December 2020 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments including interest rate swaps. The Group monitors interest rate exposure on a regular basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its long-term non-working capital gross borrowings in fixed rate instruments. At 31st December 2020, the Group's fixed rate borrowings were 9% on total borrowings, with an average tenor of 0.2 year. At 31st December 2019, the Group had no outstanding fixed rate borrowings. The interest rate profile of the Group's borrowings after taking into account hedging transactions is set out in note 19.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps for a maturity of up to three years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate. Details of interest rate swaps are set out in note 30.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instruments will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

38. Financial Risk Management *continued*

Financial risk factors *continued*

(i) Market risk *continued*

Interest rate risk continued

At 31st December 2020, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US\$7.7 million (2019: US\$9.2 million) higher/lower, and hedging reserves would have been US\$2.5 million lower/higher (2019: no change), as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the Hong Kong, United States and Malaysian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly, transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

Sales to customers are made in cash or by major credit cards. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. Long-term cash flows are projected to assist with the Group's long-term debt financing plans. In addition, the Group has implemented a global liquidity cash pooling scheme, which enables the Group to manage and optimise its working capital funding requirement on a daily basis.

38. Financial Risk Management *continued*

Financial risk factors *continued*

(iii) Liquidity risk *continued*

At 31st December 2020, total available borrowing facilities amounted to US\$3,091.4 million (2019: US\$2,344.0 million), of which US\$2,074.7 million (2019: US\$1,452.8 million) were committed facilities. A total of US\$1,094.3 million (2019: US\$1,122.2 million) from both committed and uncommitted facilities was drawn down. Undrawn committed facilities, in the form of revolving credit facilities, totalled US\$1,319.0 million (2019: US\$462.2 million).

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Beyond five years	Total undiscounted cash flows
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 31st December 2020							
Creditors	1,885.5	18.8	10.6	10.5	–	0.3	1,925.7
Borrowings	860.7	82.9	103.0	64.8	–	–	1,111.4
Lease liabilities	773.1	587.9	435.8	323.3	246.3	1,192.0	3,558.4
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	422.3	–	–	–	–	–	422.3
– outflow	421.8	–	–	–	–	–	421.8
At 31st December 2019							
Creditors	2,174.5	8.9	1.3	0.2	0.2	2.6	2,187.7
Borrowings	956.6	176.2	0.2	0.1	9.1	–	1,142.2
Lease liabilities	869.5	713.7	537.4	399.8	291.9	1,231.9	4,044.2
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	423.5	–	–	–	–	–	423.5
– outflow	425.1	–	–	–	–	–	425.1

There were no borrowings impacted by the IBOR reform at 31st December 2020.

38. Financial Risk Management *continued*

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, by taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase Company shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances. Interest cover is calculated as the sum of underlying operating profit, before the deduction of depreciation and impairment charges of right-of-use assets, net of actual lease payments, and share of results of associates and joint ventures, divided by net financing charges excluding interest on lease liabilities. The Group does not have a defined gearing ratio or interest cover benchmark or range.

The ratios at 31st December 2020 and 2019 are as follows:

	2020	2019
Gearing ratio (%)	61	66
Interest cover (times)	15	12

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')
The fair values of listed securities are based on quoted prices in active markets at the balance sheet date.
- (b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted equity investments, mainly include club debentures, are determined using prices quoted by brokers at the balance sheet date.

38. Financial Risk Management *continued*

Fair value estimation *continued*

(i) Financial instruments that are measured at fair value *continued*

- (c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair values of other unlisted equity investments are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash inflows from these investments.

There were no changes in valuation techniques during the year. The table below analyses financial instruments carried at fair value measured by observable current market transactions.

	2020	2019
	US\$m	US\$m
Assets		
Other investments		
– equity investments (<i>note 13</i>)	6.0	6.8
Derivatives designated at fair value (<i>note 30</i>)		
– through other comprehensive income	1.1	0.3
– through profit and loss	0.1	–
	7.2	7.1
Liabilities		
Derivatives designated at fair value (<i>note 30</i>)		
– through other comprehensive income	(12.7)	(3.3)
– through profit and loss	(0.3)	(0.7)
	(13.0)	(4.0)

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, cash and bank balances, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

38. Financial Risk Management *continued***Fair value estimation** *continued***Financial instruments by category**

The carrying amounts of financial assets and financial liabilities at 31st December 2020 and 2019 are as follows:

	Fair value of hedging instruments	Fair value through profit and loss	Financial assets at amortised cost	Other financial liabilities	Total carrying amounts
	US\$m	US\$m	US\$m	US\$m	US\$m
2020					
Financial assets measured at fair value					
Other investments					
– equity investments	–	6.0	–	–	6.0
Derivative financial instruments	1.1	0.1	–	–	1.2
	1.1	6.1	–	–	7.2
Financial assets not measured at fair value					
Debtors					
	–	–	263.2	–	263.2
Cash and bank balances	–	–	277.6	–	277.6
	–	–	540.8	–	540.8
Financial liabilities measured at fair value					
Derivative financial instruments					
	(12.7)	(0.3)	–	–	(13.0)
	(12.7)	(0.3)	–	–	(13.0)
Financial liabilities not measured at fair value					
Borrowings					
	–	–	–	(1,094.3)	(1,094.3)
Lease liabilities	–	–	–	(3,070.4)	(3,070.4)
Trade and other payables excluding non-financial liabilities	–	–	–	(1,925.7)	(1,925.7)
	–	–	–	(6,090.4)	(6,090.4)

38. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category continued

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Financial assets at amortised cost US\$m	Other financial liabilities US\$m	Total carrying amounts US\$m
2019					
Financial assets measured at fair value					
Other investments					
– equity investments	–	6.8	–	–	6.8
Derivative financial instruments	0.3	–	–	–	0.3
	0.3	6.8	–	–	7.1
Financial assets not measured at fair value					
Debtors					
	–	–	280.3	–	280.3
Cash and bank balances					
	–	–	301.4	–	301.4
	–	–	581.7	–	581.7
Financial liabilities measured at fair value					
Derivative financial instruments					
	(3.3)	(0.7)	–	–	(4.0)
	(3.3)	(0.7)	–	–	(4.0)
Financial liabilities not measured at fair value					
Borrowings					
	–	–	–	(1,122.2)	(1,122.2)
Lease liabilities					
	–	–	–	(3,305.8)	(3,305.8)
Trade and other payables excluding non-financial liabilities					
	–	–	–	(2,187.7)	(2,187.7)
	–	–	–	(6,615.7)	(6,615.7)

The fair values of financial assets and financial liabilities approximate their carrying amounts.

39. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of tangible assets and right-of-use assets are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

39. Critical Accounting Estimates and Judgements continued

Pension obligations continued

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Provision of deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Buying income

The Group receives buying income, including supplier incentives, rebates and discounts, which are deducted from cost of sales on an accrual basis. Management is required to make estimates in determining the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract and the timing of recognition.

There is limited estimation involved in recognising income for fixed amounts agreed with suppliers.

In 2020, the Group recognised a charge in underlying profit for the reversal of buying income recognised incorrectly in prior years. The Group has assessed the impact of buying income recognised incorrectly in prior years on the consolidated financial statements and determined that the impact was not material to the consolidated financial statements of any prior financial years and therefore did not require a prior year restatement. The amount has been recorded through underlying results.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.