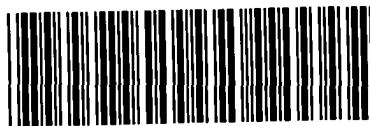


Registered Number: 01529002

The Big Food Group Limited
Annual Report and Financial Statements
For the 53 weeks ended
30 March 2018

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Strategic Report

The director presents his Strategic Report for the 53 week period ended 30 March 2018.

Principal activities

The principal activity of the company is that of an intermediate holding company and principal employer to the Group's defined benefit pension scheme.

Results

The company made a profit in the period of £1.9m (2017: loss of £1.2m).

Review of business

It is the intention of the directors that the company will continue to act as a holding company and the principal employer to the Group's defined benefit pension scheme for the foreseeable future.

Key Performance Indicators (KPI's)

The Booker Group Limited group (the "Group") manages its operations on an overall group basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes this company, is discussed in the Group's annual report which does not form part of this report. The risks and uncertainties below relate to the Group.

Outlook

On 5 March 2018, the merger with Tesco PLC ('Tesco') completed to form the UK's leading food business. At completion Booker Group plc's shares were delisted from the London Stock Exchange. This combination should improve choice, quality, prices and service for the UK consumer. It is anticipated that the merger will help the Group's catering, retail and small business customer prosper in a challenging market. We are excited by the opportunities the merger creates for consumers, our customers, suppliers, colleagues and shareholders of the combined group.

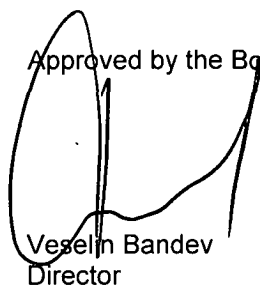
Risks and uncertainties

The Company may be affected by a number of risks and uncertainties, not all of which are in our control. Actual results may differ materially from anticipated results because of a variety of risk factors, including changes in competitive, political, economic, business, and regulatory forces. Risks are managed at a Group level, rather than at an individual subsidiary level. The principal risks and uncertainties of the Group, which include those of the Company, include the following:

- Competition
- Regulation
- Economic and political environment
- Product quality and safety
- Health and safety
- Information technology
- Employee engagement and retention
- Supplier credit
- Pension funding
- Resource management and energy efficiency

These risks, along with mitigations in place, are discussed in full on pages 8 and 9 of the Group's Annual Report and Financial Statements.

Approved by the Board and signed on its behalf by:



Veselin Bandev
Director

Date: 10 December 2018

Director's Report

The directors present their Directors' Report, together with the audited financial statements for the 53 week period ended 30 March 2018.

Directors

The following directors held office during the period and thereafter:

Jonathan Prentis	(resigned 26 October 2018)
Veselin Bandev	(appointed 26 October 2018)

The parent company, Booker Group Ltd, maintains insurance for directors of the group, indemnifying them against certain liabilities incurred by them when acting on behalf of the group.

Dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Political contributions

The company made no political donations during the period (2017: £nil).

Financial Risk Management

Given the nature of this entity, the directors do not consider this information to be material for the assessment of the assets, liabilities, financial position or profit or loss of the company.

Events after the balance sheet date

There were no post balance sheet events requiring disclosure in respect of the period ended 30 March 2018.

Future developments

The outlook of the Company is covered in the Strategic Report.

Research and development

The company does not undertake any research and development activities (2017: none).

Employees

The company had no employees during the period (2017: none).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

Director's Report (continued)**Directors' responsibilities statement**

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

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework'.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

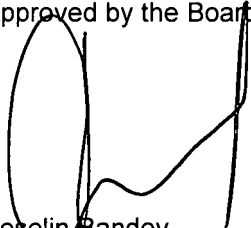
Disclosure of information to auditor

The director who held office at the date of approval of this Director's Report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP were appointed as auditor during the period. Pursuant to section 487 of the Companies Act 2006 the auditor will be deemed re-appointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



Veselin Bandev
Director

Date: 10 December 2018

Company number: 01529002

Registered Office
Equity House, Irthlingborough Road
Wellingborough
Northamptonshire, NN8 1LT

Independent auditor's report to the members of The Big Food Group Limited**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of The Big Food Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 March 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

**Independent auditor's report to the members of The Big Food Group Limited
(continued)****Other information**

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

**Independent auditor's report to the members of The Big Food Group Limited
(continued)**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Damian Sanders FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, UK

Date: 11 December 2018

Statement of Comprehensive Income
For the 52 weeks ended 30 March 2018

	Note	53 weeks ended 30 March 2018 £m	52 weeks ended 24 March 2017 £m
Management fees		4.0	-
Sundry income		0.1	-
Operating profit		4.1	-
Net interest payable	4	(1.9)	(1.5)
Profit/(loss) before tax	2	2.2	(1.5)
Tax on profit/(loss)	5	(0.3)	0.3
Profit/(loss) for the period		1.9	(1.2)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of the pension scheme		20.5	(20.7)
Tax on pension scheme remeasurements		(3.5)	3.3
Other comprehensive income/(expenses) for the period, net of tax		17.0	(17.4)
Total comprehensive income/(expense) for the period		18.9	(18.6)

All of the above results derive from continuing operations.

The notes on pages 11 to 18 form part of these financial statements.

Balance Sheet
At 30 March 2018

	Note	30 March 2018 £m	24 March 2017 £m
Fixed assets			
Investments	6	-	-
Current assets			
Debtors due within one year	7	287.2	287.2
Deferred tax asset due after more than one year	8	7.9	11.7
		<u>295.1</u>	<u>298.9</u>
Creditors due within one year	9	<u>(85.3)</u>	<u>(85.4)</u>
Net current assets		209.8	213.5
Net pension liability	11	(44.8)	(67.4)
Net assets		<u>165.0</u>	<u>146.1</u>
Capital and reserves			
Called-up share capital	10	35.0	35.0
Merger reserve	10	330.4	330.4
Profit and loss account		<u>(200.4)</u>	<u>(219.3)</u>
Shareholders' funds		<u>165.0</u>	<u>146.1</u>

The notes on pages 11 to 18 form part of these financial statements.

These financial statements were approved by the Board and signed on its behalf by:



Veselin Bandev
Director

Date: 10 December 2018

Company number 01529002

Statement of Changes in Equity

For the 53 weeks ended 30 March 2018

	Share capital £m	Merger reserve £m	Profit and loss account £m	Total equity £m
At 24 March 2017	35.0	330.4	(219.3)	146.1
Profit for the period	-	-	1.9	1.9
Remeasurements of the pension scheme	-	-	20.5	20.5
Tax on pension scheme remeasurements	-	-	(3.5)	(3.5)
At 30 March 2018	35.0	330.4	(200.4)	165.0

For the 52 weeks ended 24 March 2017

	Share capital £m	Merger reserve £m	Profit and loss account £m	Total equity £m
At 25 March 2016	35.0	330.4	(200.7)	164.7
Loss for the period	-	-	(1.2)	(1.2)
Remeasurements of the pension scheme	-	-	(20.7)	(20.7)
Tax on pension scheme remeasurements	-	-	3.3	3.3
At 24 March 2017	35.0	330.4	(219.3)	146.1

The notes on pages 11 to 18 form part of these financial statements.

Notes to the Accounts

1. Accounting policies

Overview

The Big Food Group Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of capital management;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs; and
- disclosure in respect of the compensation of key management personnel.

As the consolidated financial statements of Booker Group Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of certain disclosures required by IFRS13 'Fair Value Measurement' and the disclosures required by IFRS7 'Financial Instrument Disclosures'.

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in Sterling and rounded to the nearest hundred thousand.

The financial statements for the current period have been prepared for a 53 week period to reflect internal management reporting.

Key sources of estimation uncertainty

The preparation of accounts in accordance with generally accepted accounting principles requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Some of these policies require a high level of judgement and the Directors believe that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for:

- IAS19 'Employee benefits'. Defined benefit schemes are accounted for in accordance with the advice of an independent qualified actuary but significant estimates are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations. The net pension liability was £44.8m as at the period end (2017: net liability of £67.4m). Sensitivities in relation to key assumptions are disclosed in note 11.

Notes to the Accounts

1. Accounting policies (continued)

Critical accounting judgements

The directors believe that there are no critical accounting judgements.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Management fees

The Company recharges the employer pension contributions paid into the defined benefit scheme to another group undertaking.

Investments

Investments are stated at cost less any provision for impairment in value. The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Taxation

Tax expense included in the Profit and Loss Account comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity, or to the extent it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets (excluding goodwill) and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity. Deferred tax assets are only recognised to the extent that, following an assessment of the quantum and timing of future taxable profits, it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and the amount which is recognised is increased or reduced to the extent that it is then probable or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Accounts

1. Accounting policies (continued)

Pension

The company is the sponsoring employer of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit obligation of the plan to participating entities, the net defined benefit obligation of the pension plan is recognised fully by the sponsoring employer, which is the company.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

2. Profit/(loss) before tax

Auditor's remuneration for the audit of these financial statements of £500 (2017: £500) was borne by another group undertaking without recharge. Amounts for the current period relate to Deloitte LLP and the prior period relate to KPMG LLP. There were no non-audit fees payable to the company's auditor in the current or prior period.

3. Employee costs and directors' emoluments

(a) Employee information

The company had no employees throughout this or the previous period, other than the director.

(b) Directors' emoluments

No remuneration or fees were paid by the company to its director during this or the previous period. The directors of the company were remunerated by Booker Ltd for their services to the Booker Group as a whole. It is not practicable to allocate their remuneration between their services to group companies.

4. Net interest payable	2018 £m	2017 £m
Expected return on pension scheme assets (note 11)	17.2	20.3
Interest on pension scheme liabilities (note 11)	(19.1)	(21.8)
	-----	-----
	(1.9)	(1.5)
	=====	=====

Notes to the Accounts

5. Tax on profit	2018 £m	2017 £m
Current tax		
UK corporation tax	-	-
Deferred Tax		
Movement in pension scheme deferred tax asset	(0.3)	0.3
	-----	-----
Total tax credit for the period	(0.3)	0.3
	=====	=====

The tax assessed for the period differs to the standard rate of tax of 19% (2017: 20%) in the UK. The differences are explained below:

Profit/(loss) before tax	2.2	(1.5)
	-----	-----
Tax on profit/(loss) at 19% (2017: 20%)	(0.4)	0.3
Non taxable income	0.1	-
	-----	-----
Tax (charge)/credit for the period	(0.3)	0.3
	=====	=====

Factors that may affect future current and total tax charge:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

6. Investments	Subsidiary undertakings £m
Cost	
At start and end of period	90.0
	=====
Provision	
At start and end of period	90.0
	=====
Net book value	
At start and end of period	-
	=====

The Company's subsidiary undertakings at 30 March 2018 and 24 March 2017, which are wholly owned, are as follows:

Name of company	Principal activity	Incorporation
BF Ltd *	Holding company	England and Wales
Giant Booker Ltd	Holding company	England and Wales
IRTH (15) Ltd	Finance company	England and Wales
J Smylie & Sons (IOM) Ltd	Property company	Isle of Man
Booker Cash & Carry Ltd	Dormant	England and Wales
IRTH (19) Ltd	Finance company	England and Wales

* Direct subsidiary of The Big Food Group Limited

For those companies registered in the England and Wales, the registered office is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, England.

For J Smylie & Sons (IOM) Ltd the registered office is PO Box 237, Peregrine House, Peel Road, Douglas, Isle of Man, IM99 1SU.

Notes to the Accounts

7. Debtors due within one year	2018	2017
	£m	£m

Amounts owed by subsidiary undertakings	287.2	287.2
	=====	=====

Amounts due from group undertakings are all unsecured, interest free and repayable on demand.

8. Deferred tax asset	2018	2017
	£m	£m

At start of period	11.7	8.1
(Charge)/credit to income statement	(0.3)	0.3
(Charge)/credit to equity	(3.5)	3.3
	-----	-----

At end of period	7.9	11.7
	=====	=====

The deferred tax asset relates to the defined benefit scheme and is not considered as being recoverable within one year.

9. Creditors due within one year	2018	2017
	£m	£m

Amounts owed to subsidiary undertakings	85.3	85.3
Accruals and deferred income	-	0.1
	-----	-----
	85.3	85.4
	=====	=====

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10. Share capital	2018	2017
	£m	£m

Authorised, called up and fully paid		
350,385,320 ordinary shares of 10p each	35.0	35.0
	=====	=====

The merger reserve represents the adjustment to reserves following acquisitions made a number of years ago.

Notes to the Accounts

11. Post-employment benefits

The Booker Pension Scheme ('the Scheme') is a funded pension arrangement based on final salary and was closed to new entrants in 2001 with benefits ceasing to accrue from 2002. However, active members' benefits retain a link to their final salaries. The assets of the Scheme are held in separate trustee-administered funds to meet future benefit payments. The Scheme is established under trust law and complies with all relevant UK legislation. The Trustees are responsible for running the Scheme in line with the Trust Deed and Rules and for complying with UK pension's legislation. They are required to oversee the administration of the Scheme, arrange timely and correct payment of benefits and manage the Scheme's funding and investments.

The information disclosed below is in respect of the whole of the plan for which the company is the sponsoring employer.

The benefit obligations as at 30 March 2018 have been calculated by an independent actuary on an FRS101 basis using the results of the 31 March 2016 triennial actuarial valuation which has then been updated to 30 March 2018. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

(a) Major assumptions used by the actuary

	2018	2017
Discount rate	2.70%	2.70%
RPI inflation	3.10%	3.20%
CPI inflation	2.10%	2.20%
Rate of increase in salaries	2.10%	2.20%
Pension increases in payment	3.10%	3.20%

The average life expectancy in years of a member is as follows:

		2018	2017
Aged 65 retiring immediately (current pensioner)	Male	21.5	21.6
	Female	23.7	23.8
Aged 40 retiring at 65 (future pensioner)	Male	22.9	23.0
	Female	25.3	25.4

The average duration of the defined benefit obligation is 17 years.

(b) The amounts recognised in the balance sheet

	2018 £m	2017 £m
Equities	120.1	116.3
Other growth assets	158.9	152.8
Bonds	306.9	327.4
Property	48.3	44.6
Cash	0.7	3.9
	-----	-----
Fair value of Scheme assets	634.9	645.0
Present value of Scheme liabilities	(679.7)	(712.4)
	-----	-----
Net liability	(44.8)	(67.4)
	=====	=====

Where relevant, the bid value of the assets was provided by each of the various fund managers in which the scheme invests in. All scheme assets have quoted prices in active markets. Around £98 million of the scheme's equity allocation relates to an Equity LDI investment. This provides a long term expected return in line with equities but with asset value movements which respond to changes in bond yields and inflation expectations – this helps smooth the funding level compared to holding a traditional equity investment.

The scheme does not hold any of the company's financial instruments or property as plan assets.

Notes to the Accounts

11. Post-employment benefits (continued)

(c) Movement in the fair value of the scheme assets

	2018 £m	2017 £m
At start of period	645.0	595.0
Employer contributions	4.0	-
Interest income (note 4)	17.2	20.3
Return on assets (less amount included in interest income)	10.0	61.1
Benefits paid	(41.3)	(31.4)
	-----	-----
At end of the period	634.9	645.0
	=====	=====

(d) Movement in the present value of the defined benefit obligation

	2018 £m	2017 £m
At start of period	(712.4)	(640.2)
Interest cost (note 4)	(19.1)	(21.8)
Remeasurement gains/(losses):		
From changes in financial assumptions	8.4	(95.8)
From changes in demographic assumptions	5.1	3.3
From experience adjustments	(3.0)	10.7
Benefits paid	41.3	31.4
	-----	-----
At end of the period	(679.7)	(712.4)
	=====	=====

(e) Movement in the net defined benefit liability

	2018 £m	2017 £m
At start of period	(67.4)	(45.2)
Employer contributions	4.0	-
Net charge recognised in the profit and loss account	(1.9)	(1.5)
Total remeasurements included in statement of other comprehensive income	20.5	(20.7)
	-----	-----
At end of the period	(44.8)	(67.4)
	=====	=====

(f) Amounts recognised in the profit and loss account

	2018 £m	2017 £m
Expected return on pension scheme assets	17.2	20.3
Interest on pension scheme liabilities	(19.1)	(21.8)
	-----	-----
Net interest expense on defined benefit obligation	(1.9)	(1.5)
	=====	=====

Notes to the Accounts

11. Post-employment benefits (continued)

(g) Risks associated with defined benefit pension schemes

The list below summarises the principal risks associated with the defined benefit pension arrangements. The Company is not exposed to any unusual, entity specific or scheme specific risks.

Investment Risk: The present value of defined benefit liabilities is calculated using a discount rate set by reference to high quality corporate bond yields. To the extent that the return on plan assets is lower than the discount rate, the pension deficit may increase.

Interest Rate Risk: A fall in bond yields would increase the value of the liabilities. This would be partially offset by an increase in the value of bond investments held.

Inflation Risk: An increase in inflation would increase the value of pension liabilities. This would be partially offset by an increase in the value of index-linked bond investments held.

Longevity Risk: The present value of the defined benefit liabilities is calculated having regards to a best estimate of the mortality of scheme members. If members actually live longer than assumed, this will increase the liabilities.

(h) Sensitivities

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, RPI inflation, salary increases, pension increases, and life expectancy. The sensitivity analysis below shows the impact on the defined benefit obligation at the end of the reporting period of reasonably possible changes in these assumptions, which have been determined in isolation whilst holding all other assumptions constant:

Discount rate	+/- 0.1%	Decrease/increase in liabilities by £11m
RPI inflation rate	+/- 0.1%	Increase/decrease in liabilities by £8m
Rate of increases in salaries	+/- 0.1%	Increase/decrease in liabilities by £0.3m
Pension increases in payment	+/- 0.1%	Increase/decrease in liabilities by £5m
Life expectancy for current and future pensioners	+/- 1 year	Increase/decrease in liabilities by £22m

Changes in RPI inflation impact CPI inflation and pension increases both before retirement and in payment.

(i) Contributions to be paid

The last actuarial funding valuation was carried out 31 March 2016 triennial of the Scheme, which revealed a shortfall of £41.1m at this date. This shortfall is expected to be recovered through Company deficit contributions of £5.4m per annum payable for six years with effect from 1 April 2017 and the returns achievable on the assets of the Scheme.

12. Ultimate parent undertaking

At 30 March 2018, the immediate parent undertaking was Giant Bidco Limited, whose registered office is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, England.

On 5 March 2018, the merger with Tesco PLC completed. As at 30 March 2018, the ultimate parent undertaking was Tesco PLC, whose registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, Hertfordshire, AL7 1GA, England.

Booker Group Ltd was the parent undertaking of the only group, of which the company was a member, to consolidate these accounts. A copy of the consolidated accounts is available from its registered office at Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, England.