BOOKER GROUP PLC
ANNUAL REPORT & ACCOUNTS 2011

Registered Number 05145685

Notes This document includes forward looking statements with respect to Booker Group plc's (the Group's) plans and its current goals and expectations relating to its future financial condition performance and results These forward looking statements sometimes contain words such as anticipate 'target' expect' estimate intend' plan goal' 'believe may' 'might' 'will' 'could' or other words of similar meaning Any forward looking statements made throughout this document represent management's best judgement as to what may occur in the future However by their nature forward looking statements involve known and unknown risks and uncertainties because they relate to future events and circumstances which may be beyond the Group's control including among other things those risks listed in the Corporate Governance section of these Report and Accounts As a result, the Group's actual financial condition performance and results for the current and future fiscal periods and corporate developments may differ materially from those expressed or implied by the plans goals and expectations set forth in any forward looking statements and persons receiving this document should not place reliance on forward looking statements

The Group expressly disclaims any obligation or undertaking (except as required by applicable law) to update the forward looking statements made in this document or any other forward looking statements it may make or to reflect any change in the Group's expectation with regard thereto or any changes in events conditions or circumstances on which any such statement is based Forward-looking statements made in this document are current only as of the date on which such statements are made

HIGHLIGHTS

Financial Highlights

- Total sales +6 2% to £3 6bn (2010 £3 4bn)
- Like for like sales +5 1%
  - non tobacco +5 3% (2010 +6 9%)
  - tobacco +4 9% (2010 +5 8%)
  - sales to caterers +6 3% (2010 +9 1%)
  - sales to retailers +4 6% (2010 +5 3%)
- Operating profit up 15% to £76 5m
- Profit before tax up 25% to £71 4m
- Profit after tax up 24% to £59 1m
- Basic earnings per share up 0 71 pence to 3 90 pence
- Net cash of £27 1m (2010 £7 0m)
- Proposed final dividend up 36% at 1 40 pence per share, making total dividend for the year of 1 67 pence per share, up 31%

Operational Highlights

- Improved customer satisfaction
- Customer numbers increased by 28,000 to 459,000
- 24 business centres converted to 'Extra' format, taking total conversions to 115 of the 172 business centres in the UK
- Internet sales +29% to £526m (2010 £407m)
- Booker Direct is trading well
- Ritter-Courivaud and Classic, the two businesses acquired in October 2010, are making a real contribution to the Group
- Our Indian business continues to progress, our business centre in Mumbai is trading well and we are in the process of opening two further business centres

BUSINESS PROFILE

In the UK, Booker has 172 cash and carry business centres and a national delivery network which includes the Ritter-Courivaud and Classic Drinks businesses acquired in October 2010 Additionally we have a business centre in Mumbai, India

	Customer Numbers 000's*	Sales £bn 2007	Sales £bn 2008	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011
Caterers	326	0 83	0 85	0 93	1 01	**1 11**
Retailers	78	2 10	2 15	2 19	2 31	**2 41**
Others	55	0 08	0 08	0 06	0 07	**0 08**
Total	459	3 01	3 08	3 18	3 39	**3 60**

* Includes approximately 7 000 customers of Booker India, 5 000 of Ritter-Courivaud and 3 000 of Classic

Of our sales, £2 24bn is non tobacco and £1 36bn is tobacco

	Sales £bn 2007	Sales £bn 2008	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011
Non Tobacco	1 75	1 84	1 95	2 09	**2 24**
Tobacco	1 26	1 24	1 23	1 30	**1 36**
Total	3 01	3 08	3 18	3 39	**3 60**

£2 67bn of our sales are collected from the cash and carry business centres by the customer £0 93bn is delivered to the customers' premises from the cash and carry business centres or national delivery network

	Sales £bn 2007	Sales £bn 2008	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011
Collected from cash and carry business centres	2 53	2 50	2 50	2 59	**2 67**
Delivered to customers' premises	0 48	0 58	0 68	0 80	**0 93**
Total	3 01	3 08	3 18	3 39	**3 60**

Substantial progress has been achieved

		2007	2008	2009	2010	2011
Sales Change	%	(0 9)	+2 3	+3 3	+6 5	**+6 2**
Operating Profit	£m	35 7	46 1	57 8	66 6	**76 5**
Net (Debt) / Cash	£m	(76 5)	(47 2)	(24 9)	7 0	**27 1**

Note Operating profit in 2007 is stated before an exceptional charge of £1 8m

CHAIRMAN'S STATEMENT

I am pleased to report that Booker Group plc has delivered another strong performance In the year to 25 March 2011 sales rose by 6 2% and operating profit was up 15% as customer satisfaction continued to improve The financial performance was good and the Group ended the year with net cash of £27 1m The drive into the catering market is working, with like-for-like sales to caterers up by 6 3% and sales to retailers up by 4 6%

The plans to 'Broaden' the business are going well We have converted 115 of our 172 business centres in the UK to the 'Extra' format – the lighter, brighter, more modern format Booker distributed £930m of product to our customers' premises this year versus £797m last year and we continue to expand our delivered offering Internet sales were £526m compared to £407m in the previous year and Booker India continues to trade well I am pleased that Ritter-Courivaud and Classic, our two new acquisitions, have settled well into the Booker Group and are helping to broaden the business for the future

After five years of great service to Booker, Bryan Drew has left the Board to pursue his entrepreneurial interests, I and the rest of the Board would like to thank him for his contribution to the Group We are delighted that Guy Farrant has joined Booker as Managing Director of the UK Cash and Carry business Guy brings a wealth of food industry expertise that will help to drive the business forward Richard Farr, Non-Executive Director, stepped down from the Board on 18 May 2011 We thank him for the great support he has given to the company over the last two years I am also pleased that Stewart Gilliland has joined as a Non-Executive Director Stewart was formerly Chief Executive of Muller Dairies UK & Ireland and has great experience in the food and drinks trade I should like to thank all our colleagues for their contribution to the success of the Group in the year just ended

Basic earnings per share were 3 90 pence up from 3 19 pence last year Given the strong operational performance of the business, the Board recommends the payment of a final dividend of 1 40 pence per share (2010 1 03 pence per share) which, together with the interim dividend, makes a total dividend for the year of 1 67 pence per share (2010 1 27 pence per share) The final dividend is payable on 8 July 2011 to shareholders on the register on 3 June 2011

Outlook

The economy is expected to remain difficult in the year ahead and the food wholesale market remains very competitive Nevertheless, we expect to continue to make progress in this challenging environment The exceptional weather in the first seven weeks of the current financial year has led to a good start, and Booker is on course to meet our expectations for the year

Annual General Meeting

Our Annual General Meeting will be held on 6 July 2011 The notice of Annual General Meeting separately accompanies this document

Richard Rose
Chairman

CHIEF EXECUTIVE'S REVIEW

Booker made good progress in 2010/11 and our plan to 'Focus, Drive and Broaden' the business is on track Bryn Satherley and his team continue to 'Focus' Booker Guy Farrant has joined to 'Drive' the core cash & carry business and Mark Aylwin is 'Broadening' Booker into delivered wholesale After five years Bryan Drew has moved on to pursue his entrepreneurial interests We are very grateful for Bryan's contribution and I am pleased that the new team has settled in well

FOCUS
(commenced November 2005)

Through tight control of cash and costs, Booker seeks to 'Focus' on becoming the most efficient operator in our sector Thanks to the hard work of many colleagues we have improved business efficiency and cash generation We seek to 'stop, simplify and standardise' work, with most of the savings being invested in customer service Through tight cash management we now have net cash of £27 1m

DRIVE
(commenced March 2006)

Booker serves 444,000 customers in the UK via the core cash and carry business We continue to 'Drive' choice, price and service and each year we survey 40,000 customers to identify where improvements can be made Customers say we have done a better job this year and our customer count has increased again, up by 13,000 customers

Choice Up

- Partly due to Guy Farrant's expertise in this area, our Fresh departments have significantly improved Sales of fruit and vegetables are up 53% We are confident that our Fresh business will continue to power ahead in the next few years
- In 2007 we launched Euro Shopper as an entry price brand for independent retailers It now has sales of £56m at wholesale prices up from £44m last year We have just launched a Euro Shopper Water, Sugar and Cola which are performing well
- Chef's Larder is our own label brand for caterers Its sales were £156m, up 5% on prior year During the year we improved Chef's Larder's credentials through the reformulation and repackaging of 30 lines We will continue to drive Chef's Larder in the year ahead

Prices Down

- Ours is a very price competitive market Booker surveys prices against our competition each week During the year our price index remained competitive and this has been noticed by customers We expect pricing to become even more important as the economy remains challenging and commodity prices become more volatile During the year we 'rolled back' prices on 850 lines and expanded Euro Shopper and Booker Basics, our value brands We expect to build on these actions in the year ahead

Better Service

- Stock availability was the best we have achieved in five years
- Our people are doing a brilliant job In spite of the terrible weather at Christmas, our colleagues kept the business going
- I am pleased that 77% of eligible business centre colleagues achieved the customer satisfaction bonus last year

Catering

- Catering Sales grew by 6 3% to £1 1bn, because our choice, price and service for caterers made excellent progress Our catering development sales force continues to serve our existing customers and to introduce new customers to Booker During the year the catering customer count increased by 13,000

Premier

- Premier, Booker's symbol group grew by 10% The estate grew to 2,600 stores The retail development team put a lot of work into compliance and building the sales and profits of existing Premier stores This has worked and Premier was awarded Symbol Group of the Year 2010 at the Retail Industry Awards

BROADEN
(commenced April 2007)

In the UK, Booker seeks to offer the best choice, price and service to caterers and retailers and to become the suppliers' preferred route to market We also want to sell new products and services and reach new customers In India we seek to become the best supplier to Kirana stores To achieve these objectives, we are 'Broadening' the business 'Broaden' includes

Improving the cash and carry business centre experience

- We have now converted 115 of our 172 business centres to the 'Extra' format This features a lighter, brighter business centre environment and an improved choice, price and service The conversion pays back in around a year and we plan to convert a further 20 business centres to 'Extra' in the year ahead

Harnessing the Internet

- Sales on booker co uk were £526m, up from £407m last year and £15m in 2005 All these sales are delivered to our customers' premises The number of customers using the site has doubled in the last year as we improved online functionality for all our customers

Booker Direct/Ritter-Courivaud/Classic

- In 2007 Booker acquired Blueheath, a delivered wholesale business Mark Aylwin (the former Chief Executive of Blueheath) and his team have successfully converted Blueheath into Booker Direct, winning some great customers including the prison service in England and Wales, supplying branded foods to Marks & Spencer and serving most of the UK's cinema chains We seek to offer solutions for customers which they cannot obtain elsewhere and help our suppliers develop profitable routes to market In October 2010 we improved our delivered wholesale capabilities with the acquisitions of Ritter-Courivaud ('Ritter') and Classic
- Ritter is a leading speciality food supplier to restaurants It has a fantastic food expertise and supplies many of the best restaurants in the UK We have taken some of the Ritter range into Booker and are in the process of extending the Ritter national coverage through using Booker cash and carry business centre space Ritter and Booker are starting to serve national accounts with a choice, price and service they cannot obtain from other suppliers
- Classic is an on-trade wholesaler supplying pubs and licensed customers mainly in the North West We are taking some of the Classic range into Booker and have saved rental costs by moving some Classic warehouses into a neighbouring Booker business centre We believe that in the next three years Classic/ Booker can become a new force in the UK on-trade sector, offering a low risk, low cost, high service, local solution

CHIEF EXECUTIVE'S REVIEW
continued

- In the last year Booker Group delivered £930m of product to retailers and caterers in the UK With the inclusion of Ritter we can become a major force in foodservice and with Classic we can become a significant player in on-trade

Booker India
- In September 2009 we opened our first business centre in Mumbai We now have 7,000 customers and the customer reaction has been excellent We have also launched 31 Happy Shopper symbol retailers which harness the lessons from Premier in the UK for the Kirana stores of Mumbai We are in the process of opening our second business centre in Mumbai and our first joint venture business centre in Pune Our partner in Pune is Satnam Arora, who has expertise which compliments our own We look forward to developing the Booker offer into other cities to become the best choice, price and service supplier to Kirana stores and caterers

Sustainability
- We want to improve our carbon efficiency In 2008 Booker was the first UK food wholesaler to be awarded the Carbon Trust Standard Since then we have made good progress We have recycled 4m litres of used cooking oil from our catering customers This is used to power our distribution centre in Hatfield We have sent 7% less to landfill, in spite of increasing sales by 6 2%, and we are now trialling recycling centres in thirteen business centres Through better distribution fleet management we cut emissions of CO_2 by 244 tonnes, new lighting systems saved 2,000 tonnes and with better waste management we saved 1,000 tonnes We can see opportunities to help our customers reduce waste and become more carbon efficient
- We also look at sustainability in another way Booker is privileged to serve 459,000 small and medium sized enterprises Independent pubs, caterers, nursing homes, convenience shops and the other customers we serve are crucial to their local communities If we can help our customers thrive, we can also contribute to sustaining communities and neighbourhoods in Britain and in India

People
- The progress at Booker has been achieved by our great team of people During the terrible weather at Christmas numerous Booker people worked harder than ever to keep the business centres trading, the wagons running and the supplies moving However, for the other 50 weeks of the year our people also did a heroic job I am pleased that we continue to train all business centre colleagues under our PRIDE programme that boosts skills For the fifth year running, the performance of the business means our people have enjoyed in our success through our bonus system With this great team of people Booker will continue to make progress in the year ahead

In summary, Booker made good progress in 2010/11 and our plan to Focus, Drive and Broaden the business is on track Customer satisfaction improved further, we served 28,000 more customers and grew sales by over £200m Internet sales were £526m, Ritter and Classic have made a real contribution to the Group and we are pleased with the performance of Booker India The UK economy looks challenging, but we are committed to helping our 459,000 customers prosper in the year ahead

Charles Wilson

Charles Wilson
Chief Executive

GROUP FINANCE DIRECTOR'S REPORT

Financial Review

Overall Group revenue increased by 6 2% (2010 +6 5%) to £3 6bn Non tobacco like for like sales increased by 5 3% (2010 +6 9%) while like for like tobacco sales increased by 4 9% (2010 +5 8%)

Operating margin increased by 0 16 percentage points to 2 13% (2010 1 97%) lifting group operating profit by £9 9m to £76 5m The improvement in margin was due to a favourable product mix and control of costs

The net finance cost of £5 1m (2010 £9 4m) comprised

- net cash interest cost of borrowing of £5 1m (2010 £6 8m)
- the amortisation of fees and discounting of provisions of £4 0m (2010 £3 8m)
- a credit relating to the expected return on pension scheme assets less amortisation of liabilities of £4 0m (2010 £1 2m)

Profit before tax rose £14 2m to £71 4m (2010 £57 2m), an increase of 25%

The effective tax rate (being the tax charge as a percentage of profit before taxation) for the Group of 17 2% (2010 16 8%) was below the standard rate of corporation tax in the UK, due principally to the utilisation of tax assets not recognised in prior years

Profit after tax was £59 1m, an increase of £11 5m compared to 2010

Basic earnings per share rose to 3 90p, up 22% from 3 19p in 2010

The Board is recommending a final dividend of 1 40 pence per share (2010 1 03 pence per share) payable (subject to shareholder approval at the Annual General Meeting, to be held on 6 July 2011) on 8 July 2011 to shareholders on the register at 3 June 2011 The shares will go ex-dividend on 1 June 2011

The final dividend lifts the total dividend for the year to 1 67 pence per share, up 31% on 2010 (2010 1 27 pence per share)

Acquisitions

On 13 October 2010 we acquired the entire issued share capital of Ritter-Courivaud Limited ('Ritter') and acquired the trading business and assets of Classic Drinks Limited ('Classic') These acquisitions will support the continued development of Booker's delivered catering business

Ritter is a speciality fine foods supplier to leading restaurants, hotels and contract caterers and was acquired for a total consideration of £14 5m comprising the issue of 29 2m new ordinary shares in Booker Booker assumed £3 3m of net debt funded from Booker's existing resources Ritter has current annual sales of approximately £30m

Classic is a specialist on-trade wholesaler supplying wine, beer, spirits and non-alcoholic drinks to pubs, clubs and licensed premises and was acquired from Classic Drinks Limited, a subsidiary of Halewood International Limited, for a cash consideration of £3 7m, funded from Booker's existing resources Classic operates from eight depots in the Midlands and the North of England and has current annual sales of approximately £30m

Cash Flow

Management has continued to focus on cash generation resulting in a net improvement of £20 1m in the year to close with a net cash position of £27 1m at 25 March 2011 Earnings before interest, tax, depreciation and amortisation ('EBITDA') of £89 2m, up from £80 6m in the prior year, funded capital expenditure of £11 9m (2010 £15 5m), acquisitions of £7 5m and the payment of £19 5m of dividends (2010 £13 6m)

GROUP FINANCE DIRECTOR'S REPORT
continued

Pensions
The Booker Pension Scheme ('the Scheme') is a defined benefit scheme that was closed to new members in October 2001, and was closed to future accruals for existing members in August 2002 At 25 March 2011, the Scheme had an IAS 19 deficit of £8 0m (2010 £21 8m), comprising Scheme assets of £541 8m and estimated liabilities of £549 8m

The Group contributed £11 0m (2010 £11 6m) in the year of which £1 0m (2010 £1 6m) was in relation to the costs of administering the Scheme

During the year the 2010 Triennial valuation was agreed with the pension fund Trustees A Scheme Funding deficit of £67 6m at 31 March 2010 will be recovered through company contributions at the rate of £9 6m per annum from April 2011 to October 2016

Goodwill
The net book value of goodwill on the balance sheet is £436 4m (2010 £423 9m) The goodwill carrying value is more than supported by expected future cash flows discounted back to present day values at a pre-tax discount rate of 11 2% (2010 11 2%)

Capital Structure
The Group finances its operations through a combination of bank borrowings, leases and retained profits and its capital base is structured to meet the ongoing requirements of the business As at 25 March 2011, the Group had net cash of £27 1m (2010 £7 0m)

Borrowing Facilities
The Group is required to repay half of cash generated in the prior year against its bank loan, a payment expected to be made in July following the year end The Group's banks agreed to waive this requirement for the year ended 25 March 2011 because £20 0m of the outstanding loan was repaid on 24 March 2011 Consequently on 24 March 2011 the bank loan reduced to £20 0m (2010 £40 0m)

In addition to the bank loan, the Group had in place at 25 March 2011 a £136 0m revolving credit facility, which included a £22 9m guarantee facility By 28 April 2011, bank guarantees of £15 0m had been released and the revolving credit facility was reduced accordingly Consequently from 28 April 2011 the revolving credit facility was £121 0m, which includes a £7 9m guarantee facility

The bank loan and revolving credit facility are secured against the assets of the Group There are cross guarantees between all Group companies (other than dormant subsidiaries) All facilities are available until June 2012 We are currently engaged in discussions with banking institutions regarding a refinancing of the Group's facilities

The Group's borrowings are subject to covenants set by the lenders using financial results prepared under UK GAAP In the event of a failure to meet certain obligations or if there is a covenant breach, the principal amounts due and any interest accrued are repayable on demand

The financial covenants are Interest Cover, measured by the ratio of EBITDA to interest (tested quarterly), and Cash Cover, measured by the ratio of cash inflow to interest (tested half yearly)

The Group complied with its covenants throughout the year At 25 March 2011, under UK GAAP, the Group achieved Interest Cover of 18 6 and Cash Cover of 5 3, comfortably exceeding its covenant obligations The Group must have also not required its revolving credit facility for a total of ten working days within the financial year, a target that was also exceeded

In addition to these financial covenants the Group's borrowing agreements include general covenants and potential events of default The Group has complied in all respects with the terms of its borrowing agreements at the date of this report

Interest Rates

The bank loan and funds drawn on the revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 2 0% to 2 6%

The Group's hedging policy in the course of the financial year was to maintain the profile of its £40 0m of borrowings at a fixed interest rate of 4 98% to 24 March 2011, at which date the £40 0m interest swap expired Following the repayment of £20 0m of the outstanding loan on 24 March 2011 the Group has chosen not to hedge its remaining £20 0m of borrowings

In the year the net cash interest cost of borrowing of £5 1m (2010 £6 8m) has reduced as core borrowings were lower than in the year ended 26 March 2010 and ineffective hedge costs, incurred in the prior year, have been avoided

Liquidity

At 25 March 2011, £46 2m was held in cash and cash equivalents The Group's borrowings related to its £20 0m bank loan and £0 4m of finance leases

At 25 March 2011, the Group had in issue £19 3m of guarantees (2010 £30 7m) leaving undrawn facilities of £116 7m

The peak level of drawdown on the revolving credit facility on a cleared basis in the year to 25 March 2011 was £47 6m giving a minimum facility headroom in the year of £65 5m after taking into account the guarantees referred to above

Risk Management

The Board is continually reviewing the risks to people, profits, assets, reputation and funding that the business faces The year ended 25 March 2011 was challenging with the continued impact of the 'credit crisis', the poor weather in December and periods of commodity price uncertainty Despite these and other challenges the Group's risk management controls operated well

Jonathan Prentis
Group Finance Director

DIRECTORS AND OFFICERS

Richard Rose (Age 55)
Non-Executive Chairman and Chairman of Nomination Committee
Richard was an Executive Director and Chairman of Blueheath Holdings plc ('Blueheath') immediately prior to the reverse acquisition of Blueheath by the Booker Group in 2007 and became Non-Executive Chairman of the Company upon completion of the merger. Richard was formerly Chief Executive of Whittard of Chelsea plc a multi site retailer of tea and coffee which was sold in 2006. Previously he was a Director of Hagemeyer (UK) Ltd, a distributor of professional products and services, with a UK turnover approaching £1 billion through 360 outlets. Prior to that he had been Chief Executive of WF Electrical plc, a fully listed electrical distributor, where he created a substantial improvement in shareholder value. Hagemeyer purchased WF Electrical plc in 2000. He was also Non-Executive Chairman of AC Electrical Wholesale Ltd where he led a successful growth strategy resulting in a substantial increase in shareholder value. The business was sold to Wolseley in 2006. He is also Executive Chairman of Helphire Group plc, Non-Executive Chairman of Kiotech International plc and Crawshaw Group plc and a Non-Executive Director of DRL Group Ltd.

Charles Wilson (Age 45)
Chief Executive
Charles started his career in 1986 with Procter and Gamble following which he was a consultant with OC&C Strategy Consultants and a Director of Abberton Associates. In 1998 he became an Executive Director of Booker plc which merged with Iceland plc in 2000. In 2001 he became an Executive Director of Arcadia Group plc and in 2004 he became an Executive Director of Marks and Spencer Plc. In 2005 he was appointed as Chief Executive of Booker.

Jonathan Prentis (Age 49)
Group Finance Director
Jonathan qualified as a chartered accountant in 1987 with Deloitte & Touche. He was appointed as Group Finance Director of Booker in 2005. Prior to this appointment, Jonathan was Finance Director of Woodward Foodservice Ltd and then Finance Director of Group Logistics within The Big Food Group plc. Prior to 2003, he was with TDG plc.

Mark Aylwin (Age 47)
Managing Director - Booker Direct
Mark is Managing Director of Booker Direct. Prior to that, he was Chief Executive Officer of Blueheath. Mark was previously supply chain and IT director at Musgrave Budgens Londis. He has over twenty years trading, supply chain and logistics experience in the food industry, principally at Safeway where he was commercial director for non-foods and the supply chain director.

Guy Farrant (Age 49)
Managing Director - UK Cash and Carry
Guy joined the Company on 14 October 2010 as Managing Director of the Group's UK cash and carry business. Guy has a wealth of food experience having worked in the food industry for 25 years rising to be Director of Food and, latterly, Operations and Retail Director at Marks and Spencer plc.

Bryn Satherley (Age 50)
Operations Director
Bryn is Operations Director responsible for property, IT, logistics and supply chain of the Booker Group. Bryn was at Booker plc between 1999 and 2001 and rejoined Booker in 2005. Prior to 1999 he was at Exel plc and was on the board of Alldays Ltd.

Lord Bilimoria CBE, DL (Age 49)
Non-Executive Director and Senior Independent Director
Karan Bilimoria is the Founder of Cobra Beer and the Chairman of the Cobra Beer Partnership Ltd, a Joint Venture with Molson Coors. Karan is an Independent Crossbench Peer in the House of Lords. Karan graduated in law from the University of Cambridge and is a qualified Chartered Accountant. Karan is an honorary fellow of Sidney Sussex College, University of Cambridge and a former Chancellor of Thames Valley University. Karan is a former Non-Executive Director of Brake Brothers and is the President of the UK India Business Council.

Andrew Cripps (Age 53)
Non-Executive Director and Chairman of Audit Committee
Andrew read Economics at the University of Cambridge prior to qualifying as a Chartered Accountant with KPMG. Following twenty years with Rothmans International and British American Tobacco Plc, he has held a number of Non-Executive Directorships in the UK and Europe. Andrew is currently Non-Executive Deputy Chairman of Swedish Match AB and a Non-Executive Director of Helphire Group plc.

Stewart Gilliland (Age 54)
Non-Executive Director
Stewart joined the Board on 8 December 2010. Stewart recently retired as Chief Executive of Muller Dairies UK and Ireland after a long career spent in senior roles with leading consumer facing companies, including Whitbread and Interbrew. His current roles include Non-Executive Directorships of Sutton and East Surrey Water Plc and Brulines Group plc, which provides volume and revenue protection systems for the licensed on-trade.

Karen Jones CBE, (Age 54)
Non-Executive Director and Chairman of Remuneration Committee
Karen was Chief Executive of Spirit Group Ltd, a private equity backed pub & restaurant group, which was built up by acquisition and sold to Punch Taverns in 2006. Prior to Spirit, Karen founded, grew and floated The Pelican Group Plc owner of a number of restaurant chains including Café Rouge, which was acquired by Whitbread in 1996. Karen has a first class honours degree from University of East Anglia, and also attended Wellesley College, USA. Karen is a founder and Chairman of Food and Fuel Ltd, a hospitality company, which currently consists of ten gastropubs in London. Karen is a Non-Executive Director of Virgin Active Group Ltd, ASOS Plc, COFRA AG and of Royal National Theatre Enterprises Ltd. She is a Governor of Ashridge Business School.

Mark Chilton (Age 48)
Company Secretary
Mark acts as Company Secretary to the Group and was appointed to his present role in June 2007. Mark qualified as a solicitor in 1987. Mark was appointed as Company Secretary of the Booker Group in 2006. Previously, he was head of legal at The Big Food Group plc. Prior to that, he was at The Greenalls Group Plc.

CORPORATE GOVERNANCE

Principles of Corporate Governance

The Company and the Group is committed to high standards of corporate governance This statement, together with the Remuneration Report set out on pages 19 to 25, describes how the Company has applied the provisions and principles set out in section 1 of the Combined Code on Corporate Governance (the 'Code') Except as detailed below in relation to provision A 3 2 of the Code in respect of the balance of Executive and Non-Executive Directors, the Company complied fully with the Code

In June 2010, the Financial Reporting Council (FRC) published The UK Corporate Governance Code (the 'revised Code') which supersedes the Code and is applicable for companies with accounting periods beginning on or after 29 June 2010 A copy is publicly available at frc org uk/corporate/ukcgcode cfm

Although the Company's reporting period began on 27 March 2010, a number of the provisions of the revised Code have already been addressed during the year The Board will report on compliance against the revised Code in its annual report for the year ending 30 March 2012

This report also includes the information required by paragraph 7 2 of the Disclosure and Transparency Rules (DTR) to be contained in the Company's corporate governance statement, with the exception of the information required by DTR 7 2 6, which is located in the Directors' Report

The workings of the Board and its committees

The Board

The Company is led and controlled by the Board of Directors (the 'Board') chaired by Richard Rose The Board currently consists of five Executive Directors and five Non-Executive Directors

The Code requires that at least half the Board, excluding the Chairman, should comprise independent Non-Executive Directors as determined by the Board For operational reasons the Company was not compliant with this provision of the Code throughout the year From 25 March 2011, when Bryan Drew, Executive Director, resigned, until the resignation on 18 May 2011 of Richard Farr, the Company was compliant with this provision of the Code Richard Farr decided to retire from the Board on 18 May 2011 for business reasons and a recruitment process to identify a new Non-Executive Director to replace him was started immediately An announcement confirming the outcome of this process will be made in due course The Board is content that the independent judgement of the Non-Executive Directors has not been adversely impacted during the periods of non-compliance

The independence of Non-Executive Directors is considered at least annually and is based on the criteria suggested in the Code

Richard Rose was an Executive Director and Chairman of Blueheath immediately prior to the reverse acquisition of Blueheath by the Booker Group in 2007 and became Non-Executive Chairman of the Company upon completion of the merger The Group's combined business is significantly different to and larger than Blueheath and there is a division of responsibilities between Richard and the Executive Directors and, in particular, Charles Wilson as Chief Executive, such that his current and former roles can be considered incomparable Both Richard Rose and Andrew Cripps serve as directors of Helphire Group plc Having regard to all the circumstances, including the independence Richard has demonstrated as Chairman and Andrew as Chairman of the Audit Committee of the Company, the Board is satisfied and has determined that Richard and Andrew are both independent

Consequently, all the Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the Code The Non-Executive Directors provide constructive challenge and bring independence to the Board and its decision making process

The Board believes that it is appropriate to have a Senior Independent Non-Executive Director and Lord Bilimoria fulfils this role He is available to shareholders where concerns have not been resolved through the normal channels and for when such contact would be inappropriate

Changes to Board composition during the year are set out below

- On 14 October 2010 Guy Farrant joined the Company to become Managing Director of the Group's UK cash and carry business Guy has a wealth of food experience having worked in the food industry for 25 years rising to be Director of Food and, latterly, Operations and Retail Director at Marks and Spencer plc,
- On 8 December 2010 Stewart Gilliland was appointed a Non-Executive Director for an initial term of 3 years Stewart recently retired as Chief Executive of Muller Dairies UK and Ireland after a long career spent in senior roles with leading consumer facing companies, including Whitbread and Interbrew His current roles include Non-Executive Directorships of Sutton and East Surrey Water Plc and Brulines Group plc, which provides volume and revenue protection systems for the licensed on-trade
- On 25 March 2011 Bryan Drew retired from the Board after 5 years service as Commercial Director

CORPORATE GOVERNANCE

continued

***The Board** continued*

Subsequent to the year end, Richard Farr resigned from the Board for business reasons

The Board believes that it has sufficient members to contain a balance of skills and experience, but it is not so large as to be unwieldy The Board contains a balance of Executive and Non-Executive Directors such that no individual, or group of individuals can dominate the Board's decision making No one individual has unfettered powers of decision

Details of the skills and experience of the Directors are contained in the Directors' biographies on page 10

The Board meets regularly on at least twelve scheduled occasions during each year and more frequently if necessary There were thirteen Board meetings, three Audit Committee meetings, four Remuneration Committee meetings and two Nomination Committee meetings held in the year under review and the attendance by Directors was as follows

	Board	Audit	Remuneration	Nomination
Executive				
Charles Wilson [1,2,3]	13/13	3/3	4/4	2/2
Jonathan Prentis [1]	13/13	3/3		
Mark Aylwin	13/13			
Guy Farrant [4]	5/5			
Bryan Drew [5,a]	11/13			
Bryn Satherley	13/13			
Non-Executive				
Richard Rose [2,6]	13/13		4/4	2/2
Lord Bilimoria [6,b]	12/13		4/4	2/2
Andrew Cripps [6,c]	12/13	3/3	4/4	2/2
Richard Farr [3,6,d]	10/13	3/3	2/4	2/2
Stewart Gilliland [6,7,8]	3/3	1/1		
Karen Jones [6,9,10]	13/13	2/2	1/1	

[1] Not a member of the Audit Committee but attended by invitation

[2] Not a member of the Remuneration Committee but attended by invitation

[3] Not a member of the Nomination Committee but attended by invitation

[4] Guy Farrant was appointed to the Board on 14 October 2010

[5] Bryan Drew resigned from the Board on 25 March 2011

[6] Independent Non-Executive Director

[7] Stewart Gilliland was appointed to the Board on 8 December 2010

[8] Stewart Gilliland was appointed to the Audit Committee on 18 January 2011 to replace Karen Jones

[9] Karen Jones was appointed to the Remuneration Committee on 18 January 2011

[10] Karen Jones ceased to be a member of the Audit Committee on 18 January 2011

(a) Bryan Drew was unable to attend the February and March 2011 Board meetings due to personal commitments,

(b) Lord Bilimoria was unable to attend the March 2010 Board meeting due to a prior business commitment,

(c) Andrew Cripps was unable to attend the Board meeting in April 2010 due to a prior business commitment to attend the AGM and board meeting with Swedish Match AB of which he is Non-Executive Deputy Chairman,

(d) Richard Farr was unable to attend the Board meetings in June, September and October 2010 and the Remuneration meetings in June and October 2010 due to prior business commitments with BDO LLP of which he is a partner

The Board keeps the membership of committees under review to ensure gradual refreshing of skills and experience Accordingly on 18 January 2011 Stewart Gilliland was appointed to the Audit Committee On 18 January 2011 Karen Jones stepped down from the Audit Committee and was appointed to the Remuneration Committee Additionally Karen Jones was asked to chair the Remuneration Committee The Board is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals

The Board is responsible to shareholders for ensuring that the Group is appropriately managed and that it achieves its objectives The Board has adopted a formal schedule of matters specifically reserved for decision by it, thus ensuring that it exercises control over appropriate strategic, financial, operational and regulatory issues At its meetings, the Board reviews trading performance, ensures adequate financing, sets and monitors strategy, examines investment and acquisition opportunities and discusses reports to shareholders Matters not specifically reserved for the Board and its committees under its schedule of matters and the committees' terms of reference, or for shareholders in general meeting, are delegated to members of the Executive Committee

It is the Company's policy that the roles of the Chairman and Chief Executive are separate, with their roles and responsibilities clearly divided and set out in writing The Chairman's main responsibility is the leadership and management of the Board and its governance The Chairman's commitment to the Company is usually 2 days per month His other significant commitments are disclosed in his biography on page 10 The Board considers that these commitments do not hinder his ability to discharge his responsibilities to the Company effectively

The Chief Executive is responsible for the leadership and day-to-day management of the Group This includes formulating and recommending the Group's strategy for Board approval in addition to executing the approved strategy

Recommendations for appointments to the Board are made by the Nominations Committee The Committee follows Board approved procedures (available on our website) which provide a framework for the different types of Board appointments on which the Committee may be expected to make recommendations Appointments are made on merit and against objective criteria with due regard to diversity (including skills, experience and gender) Non-Executive appointees are also required to demonstrate that they have sufficient time to devote to the role

These procedures were used by the Nominations Committee in recommending to the Board the appointment of Guy Farrant as an Executive Director and Stewart Gilliland as a Non-Executive Director The Committee did not engage the services of an external search consultant in relation to their appointments, nor did it conduct open advertising, being aware of both appointees' significant experience and expertise in their respective fields

Information and professional development

Directors are continually updated on the Group's businesses, the markets in which they operate and changes to the competitive and regulatory environment through briefings to the Board and meetings with senior executives Board visits to Group business locations enable the Directors to meet with local management and employees and to update and maintain their knowledge and familiarity with the Group's operations

Non-Executive Directors are also encouraged to visit Group operations throughout their tenure to increase their exposure to the business

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information The provision of information to the Board was reviewed during the year as part of the performance evaluation exercise referred to below To ensure that adequate time is available for Board discussion and to enable informed decision making, briefing papers are prepared and circulated to Directors in the week prior to scheduled Board meetings All Non-Executive Directors are encouraged to make further enquiries as they feel appropriate of the Executive Directors and senior executives In addition, Board committees are provided with sufficient resources and the power to co-opt such additional support as they may require from time to time, to undertake their duties

All Directors are entitled to receive independent professional advice at the Company's expense and have access to the services of a professionally qualified and experienced Company Secretary, who is responsible for information flows to the Board and advising the Board on corporate governance matters This ensures compliance with Board procedures and applicable laws and regulation The Board has responsibility for the appointment and removal of the Company Secretary

On appointment, individual Directors undergo an induction programme covering, amongst other matters

- the business of the Group,
- their legal and regulatory responsibilities as directors of the Company,
- briefings and presentations from Executive Directors and senior executives,
- opportunities to visit business operations

CORPORATE GOVERNANCE

continued

Performance evaluation

During the year, the Board conducted an evaluation of its own performance and that of its three principal committees The individual performance of the Non-Executive Directors was also evaluated through one to one interviews with the Chairman In April 2011, each Director completed a questionnaire prepared by the Chairman and the Company Secretary to rate the collective performance of the Board and its committees The Company Secretary collated the evaluation results and the Chairman then reviewed an unattributed executive summary, highlighting key outcomes A report of the findings was then presented to and discussed by the Board No actions were considered necessary as a result of these evaluations and the Chairman confirms that each Director continues to make a valuable contribution to the Board and, where relevant, its Committees and devotes sufficient time to the role

During the year, the Chairman and the Non-Executive Directors met in the absence of the Executive Directors There was also one meeting of the Non-Executive Directors chaired by the Senior Independent Non-Executive Director at which the Chairman was not present in order to appraise the Chairman's performance

The Board decided in 2010 to undertake an externally facilitated evaluation process every three years, which has since become a requirement within the revised Code The first externally facilitated evaluation will be undertaken in 2013

Committees

The Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee to oversee and debate issues of policy outside main Board meetings Throughout the year, the Chairman of each committee provided the Board with a summary of key issues considered at the committee meetings Board committees are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties at the Company's expense

Audit Committee

Chaired by Andrew Cripps, Non-Executive Director, the Audit Committee during the year comprised until 18 January 2011 Andrew Cripps and two other Non-Executives, Richard Farr and Karen Jones From 18 January 2011, the Audit Committee comprised Andrew Cripps and two other Non-Executives, Richard Farr and Stewart Gilliland Since 18 May 2011, the Audit Committee comprised Andrew Cripps and Stewart Gilliland All members of the Audit Committee are considered by the Board to be independent The Board considers Andrew Cripps to have recent and relevant financial experience including his role as Chairman and member of the Audit Committee at a number of fully listed companies and previous executive experience at a FTSE 100 listed company The Company Secretary is secretary to the Audit Committee

The Audit Committee has defined terms of reference which were reviewed in May 2011 and are published on the Group's website Charles Wilson (Chief Executive), Jonathan Prentis (Group Finance Director), the Head of Internal Audit and the external auditor attend meetings of the Audit Committee by invitation The Audit Committee is primarily responsible for

- ensuring that the financial performance of the Group is properly monitored and reported on,
- reviewing and monitoring the independence of the external auditor and the effectiveness of the audit process,
- meeting with the external auditor and reviewing reports from the external auditor relating to the Group's accounting and internal controls,
- agreeing the terms of appointment and remuneration of the external auditor,
- reviewing the effectiveness of the Group's systems of financial control,
- agreeing the scope and reviewing the work of the Group's internal audit team

The Audit Committee and KPMG Audit Plc, the external auditor, operate procedures to ensure that the external auditor remains objective and independent These procedures include the pre-approval of the scope of the audit by the Audit Committee The Audit Committee conducts a formal annual review of the independence of the external auditor, looking carefully at the level of non-audit work conducted by the external auditor and the detailed safeguards which they have in place The fees paid to the external auditor during the year are set out in note 4 to the Financial Statements on page 40 The non-audit fees relate primarily to taxation, the streamlining of the group corporate structure and fees in connection with the acquisition of Ritter and Classic The Audit Committee believes that there are sound commercial and practical reasons for this work being conducted by the external auditor

The Audit Committee additionally addressed the following main issues during the year

- reviewing the operation and effectiveness of the Group's system of internal controls,
- consideration of the proposed IFRS on leases, and
- the disclosures in the Annual Report and Accounts

The Group has adopted a whistleblowing programme in all of its operations whereby employees can, in confidence, report on matters where they feel a malpractice is taking place, or if health and safety standards are being compromised Additional areas that are addressed by this procedure include criminal activities, improper or unethical behaviour and risks to the environment

The procedures allow employees to raise their concerns with line management or, if this is inappropriate, to raise them on a confidential basis An externally facilitated confidential helpline and confidential e-mail facility are provided to protect the identity of employees in these circumstances Any concerns will be investigated in a confidential manner by the Human Resources Department and/or the Company Secretary and, after a decision has been made as to what (if any) further steps should be taken, feedback will be given to the person making the complaint An official written record will be kept of each stage of the procedure This policy and related procedures are monitored by the Audit Committee

Nomination Committee

The Nomination Committee is chaired by Richard Rose, the Chairman, and comprises Richard Rose and two other Non-Executive Directors, Lord Bilimoria and Andrew Cripps It has defined terms of reference which were reviewed in May 2011 and published on the Group's website Charles Wilson, Chief Executive, attends by invitation During the year, Richard Farr was invited to attend two meetings The Nomination Committee is responsible for making recommendations to the Board on the appointment of additional Directors and for reviewing the size, structure and composition of the Board and the membership of Board committees Appointments are made on merit and against objective criteria with due regard to diversity (including, skills, experience and gender)

During the year, in accordance with the plans for the orderly succession for appointments to the Board, the Nomination Committee recommended the appointment of Guy Farrant, as an Executive Director, and Stewart Gilliland, as an Non-Executive Director Prior to recommending each appointment, the candidates were interviewed by committee members and other Directors

Remuneration Committee

The Remuneration Committee is chaired by Karen Jones, Non-Executive Director, since 18 January 2011 and prior to that date by Lord Bilimoria, the Senior Independent Non-Executive Director The Remuneration Committee during the year comprised until 18 January 2011 Lord Bilimoria, Andrew Cripps and Richard Farr From 18 January 2011 until 18 May 2011 the Remuneration Committee comprised Karen Jones, Lord Bilimoria, Andrew Cripps and Richard Farr Since 18 May 2011 the Remuneration Committee comprised Karen Jones, Lord Bilimoria and Andrew Cripps Richard Rose (Chairman) and Charles Wilson (Chief Executive) attend by invitation The Remuneration Committee has defined terms of reference which were reviewed in May 2011 and are published on the Group's website

The Remuneration Committee is responsible for setting the remuneration and other terms of employment of the Company's executive officers and senior executives and determining and reviewing any share incentive plans

The Remuneration Report, which includes details of the Remuneration Committee's role, Directors' remuneration and pension entitlements, together with information on service contracts, is set out on pages 19 to 25 Details of Directors' interests in the Ordinary Shares of the Company are shown in the Directors' Report on page 27

Re-election of Directors

All Directors are required by the Company's Articles of Association to submit themselves to shareholders for re-election at the first Annual General Meeting after their appointment and thereafter by rotation at least once every three years In accordance with the revised Code all directors will, however, stand for re-election at the 2011 Annual General Meeting Those appointed during the preceding year will stand for election in accordance with the Articles of Association

Relations with shareholders

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Group including customers, employees and suppliers

The Code encourages a dialogue with institutional shareholders based on the mutual understanding of objectives The Executive Directors have regular and ongoing communication with major shareholders throughout the year, by participating in investor roadshows and presentations to shareholders Feedback from these visits is reported to the Board The Directors also have regular contact with analysts and brokers The Chairman, Senior Independent Non-Executive Director and other Non-Executive Directors receive reports on matters raised at the meetings with shareholders and are offered the opportunity to attend meetings with major shareholders As a result of these procedures, the Non-Executive Directors believe that they are aware of shareholders' views In addition, Lord Bilimoria, the Senior Independent Non-Executive Director, is available to meet with major shareholders No shareholders asked to meet with him during the year

Arrangements can also be made through the Company Secretary for major shareholders to meet with newly appointed Directors

The Group maintains a website at www bookergroup com which is regularly updated and contains information about the Group

CORPORATE GOVERNANCE

continued

Relations with shareholders continued

The Code encourages boards to use the Annual General Meeting to communicate with investors and to encourage their participation In compliance with the Code, the Board welcomes as many shareholders as possible to attend the Annual General Meeting to discuss any interest or concern, including performance, governance or strategy, with the Directors

All Directors are expected to attend the Annual General Meeting The Chairs of the Audit, Remuneration and Nomination Committees are available at the Annual General Meeting to answer shareholder questions, through the Chairman of the Board, on the responsibilities and activities of their Committees Shareholders also have the opportunity to meet with the Directors following the conclusion of the formal part of the meeting

In compliance with the Code, at the Annual General Meeting, the Chairman will announce the level of proxies lodged on each resolution, the balance for and against and abstentions, after it has been dealt with on a show of hands and such details will be placed on the Group's website following the meeting A separate resolution will be proposed at the Annual General Meeting in respect of each substantially separate issue

Directors' conflicts of interest

Following the changes made to the Company's Articles of Association at the Annual General Meeting in 2008 and the subsequent introduction of section 175 of the Companies Act 2006 on 1 October 2008, which allows the Directors to authorise potential and actual conflicts of interest, formal procedures for the notification and authorisation of such conflicts have been approved by the Board

These procedures, which enable the Directors to impose limits or conditions when giving or reviewing authorisation, ensure that only Directors who have no interest in the matter being considered can authorise conflicts, and require the Board to review the register of Directors' conflicts annually and on an ad hoc basis when necessary Any potential conflicts of interest in relation to newly appointed Directors are considered by the Board prior to appointment These procedures have operated effectively throughout the current financial period

Internal controls and risk management

The Board attaches considerable importance to, and acknowledges its responsibility for, the Group's systems of internal control and risk management and receives regular reports on such matters The Board's policy is to have systems in place which optimise the Group's ability to manage risk in an effective and appropriate manner The Board has delegated to the Executive Committee responsibility for identifying, evaluating and monitoring the risks facing the Group and for deciding how these are to be managed In addition to formal reviews of risk management by the Executive Committee, members are expected to report to the Committee as necessary the occurrence of any material control issues, serious accidents or events that have had a major commercial impact, or any significant new risks which have been identified Such matters are reported to the next Board meeting and/or Audit Committee meeting as appropriate

The Group also has in place systems and procedures for exercising control and managing risk in respect of financial reporting and the preparation of consolidated accounts These include

- the formulation and deployment of Group accounting policies and procedures,
- Group policies governing the maintenance of accounting records, transaction reporting and key financial control procedures,
- monthly operational review meetings which include, as necessary, reviews of internal financial reporting issues and financial control monitoring, and
- ongoing training and development of financial reporting personnel

The Group's systems and procedures are designed to identify, manage and, where practicable, reduce and mitigate the effects of the risk of failure to achieve business objectives They are not designed to eliminate such risk, recognising that any system can only provide reasonable and not absolute assurance against material misstatement or loss

The Board formally reviews the operation and effectiveness of the Group's system of internal controls on an annual basis The latest review covered the financial year to 25 March 2011 No significant failings or weaknesses were identified from this review

The Board has a process for identifying, evaluating and managing the risks faced by the Group This process is continual and has been in place for the year under review up to the date of this report, and is regularly reviewed by the Board in accordance with relevant guidance There is an established framework of internal controls, which is set out in procedures approved by the Board and which include financial, operational and compliance controls and risk management

These procedures are readily accessible to staff, who follow their guidance

The more important elements of this framework are as follows

Management structure

The Board has overall responsibility for the Company and the Executive Committee has responsibility for specific aspects of the Group's affairs The Board and each of its committees operate under a schedule of matters or terms of reference and the Board determines how the Chief Executive and the Executive Committee may operate within a framework of delegated authorities and reserved powers which seek to ensure that certain transactions which are significant in terms of their size or type, are undertaken only after Board review

The Executive Committee is chaired by Charles Wilson (Chief Executive) and comprises Jonathan Prentis (Group Finance Director), Mark Aylwin (Managing Director - Booker Direct), Guy Farrant (Managing Director – UK Cash and Carry), Bryn Satherley (Operations Director), Mark Chilton (Company Secretary and General Counsel) and other senior executives representing the operational functions within the Group It meets twice a month to discuss operational matters, compliance, health and safety and trading performance

Corporate accounting and procedures

Responsibility levels are communicated throughout the Group as part of the corporate communication procedure Accounting, delegation of authority and authorisation levels, segregation of duties and other control procedures, together with the general ethos of the Group are included in these communications, and standardised accounting policies are in place reflecting this policy These procedures are subject to review to ensure that improvements to enhance controls can be made

Quality and integrity of personnel

The integrity and competence of personnel is ensured through high recruitment standards and subsequent training Quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through senior members of staff

Budgetary process

Each year the Board approves the annual budget, which includes an assessment of key risk areas Performance is monitored and relevant action taken throughout the year by regular reporting to the Board of updated forecasts together with information on key risk areas

Risk management

The Board assesses risk management throughout the Group aided by detailed reviews of internal controls and risk management procedures

Investment appraisal

Capital expenditure is regulated by the use of authorisation levels For all expenditure beyond specified levels, Board approval is required

Internal audit

The Group's internal audit function, which reports to the Group Finance Director and Chairman of the Audit Committee, monitors the effectiveness of key internal controls and the adequacy of these controls to manage business risk and to safeguard the Group's assets and resources, in accordance with a work plan approved and monitored by the Audit Committee Its conclusions are communicated to the relevant level of management and the function has a direct reporting responsibility to the Audit Committee

Risks and Uncertainties

The list below sets out the most significant risks to the achievement of the Group's business goals The list does not include all risks that the Group faces and it does not list the risks in any order of priority

- **Economic environment**
  The economy is expected to remain difficult in the year ahead with potential tax rises and the public reducing their levels of discretionary spend Customers will seek to obtain 'best' value from products and the Group aims to provide a wide range of products that meet this requirement

- **Competition**
  The industry is extremely competitive with the market being served by numerous competitors, ranging from national multiple retailers to regional independent wholesalers The Group competes by closely monitoring the activities of competitors and ensuring it continues to improve the choice, price and service to its customers

- **Regulation**
  The Group operates in an environment governed by strict regulations to ensure the safety and protection of customers, shareholders, staff and other stakeholders and the operation of an open and competitive market These regulations include food hygiene, health and safety, data protection, the rules of the London Stock Exchange and competition law In all cases, the Board takes its responsibilities very seriously, and recognises that any breach of regulation could cause reputational and financial damage to the Group

CORPORATE GOVERNANCE

continued

***Risks and Uncertainties** continued*

- **Product quality and safety**
  The quality and safety of our products is of critical importance and any failure in this regard would affect the confidence of our customers in us We work with our suppliers to ensure the integrity of the products supplied Food hygiene practices are taken very seriously throughout the Group, and are monitored both through internal audit procedures and by external bodies such as environmental health departments We have well prepared procedures for crisis management in order to act quickly when required We are aware that if we fail, or are perceived to have failed, to deliver to our customers' satisfaction the expected standards of quality and safety in our products their loyalty to us may be potentially impacted This in turn could adversely impact on our market share and our financial results

- **Employee engagement and retention**
  The continued success of the Group relies heavily on the investment in the training and development of our employees The Group's employment policies, remuneration and benefits packages are designed to be competitive, as well as providing colleagues with fulfilling career opportunities The Group continually engages with colleagues across the business to ensure that we keep strengthening our team at every level

- **Supplier credit**
  Availability of supplier credit is essential for the Group's financial performance Any reduction in the availability of supplier credit could adversely impact the Group The Group regularly meets key credit insurers to ensure that they have an up to date view of the Group's financial position

- **Financial and treasury**
  The Group's financial results may be subject to volatility arising from movements in commodity prices, foreign currencies, interest rates and the availability of sources of funding

- **Pensions**
  The Group operates a closed defined benefit scheme, where judgements are required to determine the assumptions for future salary and pension increases, discount rate, inflation, investment returns and member longevity There is a risk of underestimating this liability This risk is mitigated by maintaining a relatively strong funding position over time, taking advice from independent qualified actuaries, agreeing appropriate investment policies with the Trustees and closely monitoring the funding position with the Trustees

- **Information technology (IT)**
  The Group is exposed to the risk that the IT systems upon which it relies fail The Group has appropriate controls in place to mitigate the risk of systems failure, including systems back up procedures and disaster recovery plans, and also has appropriate virus protection and network security controls

This report was approved by the Board of Directors on 18 May 2011

Mark Chilton
Company Secretary

REMUNERATION REPORT

This section of the Annual Report and Accounts describes the role and composition of the Remuneration Committee established by the Board (the 'Committee'), the Company's remuneration policy and the arrangements currently in place for remuneration of both Executive and Non-Executive Directors

Unaudited Information

The Remuneration Committee

Membership

The Committee during the year from 26 March 2010 to 18 January 2011 comprised Lord Bilimoria (Chairman), Andrew Cripps and Richard Farr From 18 January 2011 until 18 May 2011 the Committee comprised Karen Jones (Chairman), Lord Bilimoria, Andrew Cripps and Richard Farr Since 18 May 2011, the Committee has comprised Karen Jones (Chairman), Lord Bilimoria and Andrew Cripps All members of the Committee are considered to be independent Non-Executive Directors Richard Rose, Chairman, and Charles Wilson, Chief Executive, attend committee meetings by invitation Details of attendance at committee meetings during the year under review are set out on page 12

Role of the Committee

The Remuneration Committee advises the Board and makes recommendations to it

- on the remuneration packages for the Executive officers and senior executives including remuneration, incentives and other benefits,
- on the terms of service contracts with Executive officers and senior executives and any compensation arrangements resulting from the termination of an Executive officer or senior executive's service contract, and
- concerning share incentive plans

The Committee's responsibilities are set out in its terms of reference, which are published on the Group's website

In determining remuneration, the Committee consults where appropriate with the Chief Executive about its proposals No Director participates in discussions about their own remuneration No external consultants were engaged in relation to the design of remuneration packages during the year, however PricewaterhouseCoopers LLP ('PwC') was engaged by the Remuneration Committee to provide benchmarking on Executive and Non-Executive Directors' remuneration packages When setting its remuneration policy the Committee gives due consideration to the provisions and principles of the Code

The Remuneration Committee addressed the following main issues during the year

- reviewing the remuneration of the Executive Directors with the assistance of benchmark data provided by PwC,
- reviewing the executive and employee bonus arrangements and targets,
- overseeing remuneration policy for senior executives and employees,
- overseeing employee share plans, and
- the disclosures in this Report

Also, as part of this year's review, a number of major shareholders were consulted regarding long-term incentives and other aspects of executive remuneration

Remuneration policy

The Committee's overall policy is to provide competitive and potentially rewarding remuneration packages The Company wishes to attract, retain and motivate Executive Directors and senior management of the requisite quality Accordingly, its policy, in a competitive market, is to design remuneration packages which reward Executive Directors and senior management fairly for their individual contribution In determining remuneration, consideration is (and was, in respect of the year under review) given to reward levels throughout the organisation as well as in the external employment market

REMUNERATION REPORT
continued

Executive Directors' remuneration
The remuneration package of the Executive Directors includes the following elements

- **Basic salary**
  In October 2010, benchmarking data was sourced from PwC which showed that the Executive Directors' remuneration (other than in respect of Charles Wilson, Chief Executive, and Guy Farrant) were below the market median of comparator companies and were increased, in line with that data, from October 2010 Details of the Directors' remuneration are set out on page 21 Salaries are normally reviewed annually taking into account individual performance, prevailing market conditions, Group profitability, recent pay awards in the Group generally and external benchmark data Any changes are effective from 1 April Salaries effective from 1 April 2011 are set out on page 22

- **Bonus**
  Payments under the annual scheme are based upon year on year improvement in EBITDA No bonus is paid unless there is an improvement in the EBITDA for the Company on an annual basis Payments to Directors are based upon a percentage of basic salary and do not form part of pensionable earnings Jonathan Prentis, Mark Aylwin, Guy Farrant and Bryn Satherley have each been awarded a bonus as set out on page 23 Charles Wilson, Chief Executive, does not participate in the scheme

  The Remuneration Committee has agreed to exercise its discretion and allow Bryan Drew, notwithstanding his resignation from the Company on 25 March 2011 but having regard to his contribution to the success of the Company and his continuing support thereafter, to receive an ex-gratia sum equivalent to the bonus he would have received had he been employed as at 8 July 2011

- **Share incentives**
  The Executive Directors are entitled to participate in the PSP and the SAYE Details of awards made to the Executive Directors under the SAYE and the PSP are set out later in this report

- **Pensions**
  The normal retirement age for Executive Directors is 65 All Executive Directors are entitled to a pension contribution at the rate of 15% of pensionable pay to be paid into their own personal pension arrangement or the Group defined contribution personal pension plan, which is open to all of its permanent employees Pensionable pay is set at the prior year's basic salary Details of pension contributions in relation to the Executive Directors are set out in the table on page 23

- **Other benefits**
  Benefits for Executive Directors comprise critical illness cover, permanent health cover, car (or car allowance), life cover of four times basic salary, private medical insurance and permanent health insurance for themselves and their families

External appointments
Executive Directors are not permitted to hold directorships or offices of companies whose shares are listed on a recognised stock exchange and, accordingly, no Executive Director serves as a Non-Executive Director of any such company

Non-Executive Directors' letters of appointment
The Non-Executive Directors are paid a fixed fee and have letters of appointment for an initial period of 3 years subject to termination on one month's notice by the relevant Director or the Company These appointments are also subject to the Articles of Association of the Company The table below summarises the dates of appointment and most recent re-election dates for the Chairman and each of the Non-Executive Directors serving at 25 March 2011

	Date of appointment as a Non-Executive Director	Most recent date of re-election at AGM
Richard Rose [1]	9 May 2007	9 July 2008
Lord Bilimoria [2]	22 November 2007	7 July 2010
Andrew Cripps [2]	22 November 2007	7 July 2010
Richard Farr	27 May 2009	8 July 2009
Stewart Gilliland [3]	8 December 2010	N/A
Karen Jones	19 February 2009	8 July 2009

[1] Prior to his appointment as a Non-Executive Director Richard Rose had been Executive Chairman of Blueheath from September 2006

[2] Following the expiry of Lord Bilimoria and Andrew Cripps's initial period of appointment as a Non-Executive Director for a period of 3 years they were reappointed for a further 3 year term on 18 January 2011

[3] A resolution will be proposed at the 2011 Annual General Meeting to elect Stewart Gilliland as a Non-Executive Director in accordance with the Company's Articles of Association

Copies of the letters of appointment will be available for inspection at the Company's registered office during business hours and at the 2011 Annual General Meeting

In accordance with the Code, all Non-Executive Directors will be standing for re-election at the 2011 Annual General Meeting

In October 2010, benchmarking data was sourced from PwC, which showed that the Non-Executive Directors' fees were below the market median of comparator companies and were increased in line with that data Fees have been set to reflect the individual commitments of the Non-Executive Directors to the Board and to the Board's committees The Non-Executive Directors are not involved in any discussions or decisions about their own remuneration

The Board has determined that the time commitment of Non-Executive Directors should be 12 days per annum The time commitment for Non-Executive Directors is set out in the relevant Non-Executive Director's letter of appointment

The Non-Executive Directors do not receive bonuses or pension contributions and are not entitled to participate in any of the Company's share schemes They are entitled to be reimbursed for reasonable expenses incurred by them in carrying out their duties as Directors of the Company

With effect from 1 April 2011, the Non-Executive Directors' fees in relation to the Company will be as follows

Non-Executive	Basic Fee £'000	Additional Fee - As Chairman of Committee £'000	Additional Fee - For representation on Committee £'000	Total £'000
Richard Rose	125	4	–	129
Lord Bilimoria	37	–	5	42
Andrew Cripps	37	6	5	48
Stewart Gilliland	37	–	3	40
Karen Jones	37	6	–	43

Executive Directors' service contracts

The Board's policy is that service contracts of Executive Directors should provide for termination by the Company on twelve months' notice The service contracts of each of the current Executive Directors provide for such a period of notice None of the contracts provides for specific contractual termination payments other than payment in lieu of notice

The Company's approach to the termination of contracts of service of Executive Directors is dictated by the relevant events, bearing in mind the circumstances of termination and the interests of the Company

The table below summarises the service contracts of the Executive Directors

Copies of the service contracts will be available for inspection at the Company's registered office during business hours and at the 2011 Annual General Meeting

	Date of appointment	Date of re-election	Notice period (months) by the Company	Notice period (months) by the Director	Unexpired term of contract
Charles Wilson	4 June 2007	8 July 2009	12	9	Rolling Contract
Jonathan Prentis	4 June 2007	7 July 2010	12	6	Rolling Contract
Mark Aylwin	9 November 2007	7 July 2010	12	12	Rolling Contract
Guy Farrant	14 October 2010	N/A	12	12	Rolling Contract
Bryn Satherley	12 November 2008	8 July 2009	12	6	Rolling Contract

Bryan Drew resigned from the board on 25 March 2011

All Directors will stand for election or re-election (as the case may be) at the 2011 Annual General Meeting

REMUNERATION REPORT
continued

Executive Directors' service contracts continued

With effect from 1 April 2011, subject to the annual pay review, the Executive Directors' basic salary in relation to the Company will be as follows

Executive	**£'000**
Charles Wilson	510
Jonathan Prentis	291
Mark Aylwin	256
Guy Farrant	280
Bryn Satherley	268

Sums paid to third parties

No consideration was paid to third parties for making available the services of any person as a Director of the Company during the year

Terms of appointment

In accordance with the revised Code, all Directors will be required to stand for re-election annually In addition, as required by the Company's Articles of Association, all Directors appointed during the year must retire at the Annual General Meeting and may offer themselves for election Guy Farrant and Stewart Gilliland having been appointed during the year, will therefore retire at the 2011 Annual General Meeting and will offer themselves for election

Directors' Share Interests

The beneficial interests in the Ordinary Shares of the Company of Directors who held office at the end of the financial year are set out in the Directors' Report

Performance Graph

The Company's performance from June 2007 to March 2011 measured by Total Shareholder Return ('TSR'), is compared in the chart below with the performance of the FTSE 250 Index (excluding investment trusts) and FTSE AIM All Share Index These are considered the most appropriate indices against which to measure performance following the reverse acquisition of Blueheath in June 2007, which was at that time listed on AIM, the Company's admission to listing on the Official List and to trading on the London Stock Exchange plc's main market for listed securities in July 2009 and its inclusion in the FTSE 250 Index in December 2009

TSR is defined as the return a shareholder would receive if they held a notional number of shares and received dividends over a period of time Assuming dividends are reinvested into the Company's shares, it measures the percentage growth in the Company's share price together with any dividends paid

Audited Information

The following information has been audited by the Company's auditors, KPMG Audit plc

Directors emoluments

The figures below represent the Directors' emoluments earned as Directors of the Company from 28 March 2009 or from date of appointment

	Basic		Annual Bonus		Benefits in Kind		Total before Pension Contributions		Pension Contributions	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Executive										
Charles Wilson	**510**	510	**-**	–	**1**	–	**511**	510	**77**	77
Jonathan Prentis	**250**	206	**136**	114	**26**	26	**412**	346	**31**	31
Mark Aylwin	**233**	80	**120**	44	**18**	4	**371**	128	**31**	12
Bryan Drew [1 2]	**212**	206	**99**	114	**12**	12	**323**	332	**31**	31
Guy Farrant [3]	**130**	-	**60**	–	**5**	–	**195**	–	**20**	–
Bryn Satherley	**239**	206	**125**	114	**31**	29	**395**	349	**31**	31
Non-Executive										
Richard Rose [4]	**103**	78	**-**	–	**-**	–	**103**	78	**-**	–
Lord Bilimoria [4]	**40**	36	**-**	–	**-**	–	**40**	36	**-**	–
Andrew Cripps [4]	**42**	36	**-**	–	**-**	–	**42**	36	**-**	–
Richard Farr [4]	**40**	31	**-**	-	**-**	–	**40**	31	**-**	–
Karen Jones [4]	**40**	36	**-**	–	**-**	–	**40**	36	**-**	–
Stewart Gilliland [4 5]	**12**	–	**-**	–	**-**	–	**12**	–	**-**	-
Kevin Lyon [6]	**-**	6	**-**	–	**-**	–	**-**	6	**-**	–
	1,851	1,431	**540**	386	**93**	71	**2,484**	1,888	**221**	182

[1] Resigned from the Board on 25 March 2011

[2] The figure shown in Annual Bonus is payable as an ex-gratia sum equivalent to the bonus he would have received had he been employed as at July 2011

[3] Appointed to the Board on 14 October 2010

[4] Fees include amounts paid for representation on various committees

[5] Appointed to the Board on 8 December 2010

[6] Resigned from the Board on 27 May 2009

REMUNERATION REPORT
continued

Directors' options

Options over Ordinary Shares of the Company under the PSP held by the Executive Directors who served during the year, together with any movements in those options in the year, are shown below

Name	Date of Grant	Shares under option 26 March 2010	Options granted during year	Options lapsed during year	Options exercised during year [a]	Shares under option 25 March 2011	Exercise price (pence)	Exercisable from [b]	Exercisable to [b]
Charles Wilson	3 July 2008	1 400 000	–	–	–	1,400,000	Nil	3 July 2010/11	3 July 2018
Jonathan Prentis	3 July 2008	1 400 000	–	–	–	1,400,000	Nil	3 July 2010/11	3 July 2018
	19 October 2010	–	1 432 560 55 813 (CSOP)*	–	–	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
Mark Aylwin	3 July 2008	2 000 000	–	–	1 000 000 [c]	1,000,000	Nil	3 July 2010/11	3 July 2018
	19 October 2010	–	1,432,560 55 813 (CSOP)	–	–	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
Guy Farrant	14 October 2010	–	3 900 000	–	–	3,900,000	Nil	14 October 2011/12/13	14 October 2020
Bryn Satherley	3 July 2008	1 400 000	–	–	–	1,400,000	Nil	3 July 2010/11	3 July 2018
	19 October 2010	–	1 432 560 55 813 (CSOP)	–	–	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
Bryan Drew	3 July 2008	1 400 000	–	–	–	1,400,000	Nil	3 July 2010/11	3 July 2018

(a) The aggregate gains made by Directors on the exercise of options was £550 070 (2010 £nil)

(b) Represents the earliest exercise date (assuming satisfaction of the relevant performance condition) and latest expiry date of options held by the Director during the year The performance condition is described below

(c) The options were exercised on 4 November 2010, on which date the closing mid market price of a Ordinary Share was 55 07p

* At the time of exercise, to the extent that there is a gain on the CSOP option, PSP options will be forfeited to the same value

The closing mid market price of an Ordinary share on 25 March 2011 was 58 35p and the price range during the year was 38 64p to 60 55p

PSP options

The Committee established a Performance Share Plan (the 'PSP') in July 2008, which was extended on a discretionary basis to certain employees only Certain information relating to the PSP was set out in the Remuneration Report contained in the Company's 2008 Annual Report and Accounts which was approved by shareholders at the Company's Annual General Meeting in 2008

PSP options granted in 2008

In 2008, the Company made awards under the PSP in relation to a total of 36 5 million new Ordinary Shares Under the PSP, employees selected to participate are entitled to acquire Ordinary Shares for no payment at the end of a vesting period (which will normally be 3 years) The Directors believe that the best indicator of performance of the Company and its Directors is its share price performance Vesting is subject to continued employment and the requirement that the Company's share price be equal to or exceed certain share price targets for 60 consecutive days ending on or before the relevant vesting date In certain circumstances, however, a proportion of awards may vest early

A quarter of the Ordinary Shares subject to each award will vest on reaching share prices of 28 75p, 30 5p, 34 5p and 46p over a consecutive 60 day period As at the 25 March 2011, all four share price targets had been met Consequently, half of the shares vested in July 2010, with the remainder vesting in July 2011, subject to continued employment at the dates of vesting The options will lapse if not exercised within ten years of the date of award

The Remuneration Committee has agreed to exercise it's discretion and allow the balance of Bryan Drew's PSP options awarded in 2008 to vest in July 2011, notwithstanding his resignation from the Company on 25 March 2011 having regard to his contribution to the success of the Company and his continuing support thereafter

PSP options granted in 2010

In October 2010, the Company made further awards under the PSP in relation to a total of 11 3 million new Ordinary Shares The options granted will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award A quarter of each option will vest on reaching each of the share prices of 60p, 62 5p, 70p and 90p, in each case sustained over a consecutive 60-day period As at 25 March 2011, none of the four share price targets had been met

Guy Farrant

On 14 October 2010, Guy was granted a special performance share award (in the form of a nil-cost option) over 3 9 million Ordinary Shares in the Company ('the Option') The Option was granted specifically in connection with Guy's appointment as a Director and shareholder approval was not sought because of these unusual circumstances

The Option is in two parts one part relates to 2 1 million Ordinary Shares in the Company and the other part relates to 1 8 million Ordinary Shares in the Company A third of the 2 1 million shares will vest on reaching each of the share prices of 52p, 56p and 58p This part of the Option can be exercised in three annual instalments, assuming that the relevant share price target has been reached by the end of each year (otherwise, the Option can be exercised after three years to the extent that the targets have subsequently been reached by that time) As at the 25 March 2011, two of the three share price targets had been met A quarter of the 1 8 million shares will vest on reaching each of the share prices of 60p, 62 5p, 70p and 90p To the extent that these share price targets are met, this part of the Option can be exercised after three years For each part of the Option, each share price target has to be sustained over a consecutive 60 day period in order for the relevant part of the Option to vest Other than as set out above, the vesting and exercise terms applying to the Option are the same as if it had been granted under the PSP

The Option is not pensionable and, in the event of a variation in the Company's share capital, the number of shares subject to the Option and the share price targets can be adjusted, as determined by the Board The Company will not amend the terms of the Option which relate to the number of shares subject to the Option, the basis for determining Guy's right to exercise the Option or the adjustment provisions without shareholder approval

The terms of the Option are set out in an addendum to the rules of the PSP and will be on display at the 2011 Annual General Meeting for at least 15 minutes before and during the meeting

SAYE

The Committee established in July 2008 a savings related share option scheme (the 'SAYE'), as approved by HM Revenue & Customs, which was offered to all employees within the Group Certain information relating to the SAYE was set out in the Remuneration Report contained in the Company's 2008 Annual Report and Accounts which was approved by shareholders at the Company's Annual General Meeting in 2008 Options under the SAYE are exercisable three years from the commencement of the relevant savings contract and not more than six months thereafter These incentive arrangements reward participants if shareholder value is created, thereby aligning the interests of Executive Directors and employees with those of shareholders

On 3 July 2008, Jonathan Prentis was granted an option under the SAYE in respect of 50,321 Ordinary Shares This option will vest on 1 September 2011 with an option price of 18 68 pence per share, subject to continued employment at the date of vesting, and will lapse on 1 March 2012

It is expected that the Company will offer further options under the SAYE in the course of 2011

This report was approved by the Board of Directors on 18 May 2011

Karen Jones
Chairman of the Remuneration Committee

DIRECTORS' REPORT

The Directors present their report and audited accounts for the 52 week period ending 25 March 2011

Business review

Information contained in the Chief Executive's Review and the Group Finance Director's Report fulfilling the requirements of Section 417 Companies Act 2006 are incorporated by reference into this Directors' Report The Corporate Governance Report and the Remuneration Report also form part of and are incorporated by reference into this Directors' Report

Financial risk management

Policies on financial risk management are set out in note 16 to the Financial Statements

Key performance indicators (KPIs)

The principal KPIs used to monitor the financial performance of the business are operating profit margin, operating profit, profit after tax and levels of net debt relative to plan Other key non-financial measures are customer satisfaction and health and safety

Results and dividends

The Group recorded a profit for the period of £59 1m (2010 £47 6m) as shown in the Consolidated Income Statement for the year which is set out on page 30

The Directors have recommended a final dividend of 1 40 pence per Ordinary Share If approved by shareholders at the Annual General Meeting, this final dividend will be payable on 8 July 2011 to shareholders on the register of members at the close of business on 3 June 2011 An interim dividend of 0 27 pence per share was paid on 26 November 2010

If the final dividend is approved by shareholders, dividends for the year will total 1 67 pence per Ordinary Share

Interests of Directors in contracts

During the year ended 25 March 2011 no Director had any material interest in any significant contract to which the Company or any subsidiary was a party

Changes of control

All of the Company's share schemes contain provisions relating to a change of control Outstanding options and awards normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time The Company is not a party to any other significant agreements that take effect, alter or terminate upon a change of control following a takeover bid other than its bank facility agreement, which provides that on a change of control the lender, Bank of Scotland plc, shall not be obliged to fund a utilisation (except for a rollover loan) and, if it so requires, may cancel its commitment and declare its participation in all outstanding utilisations immediately due and payable Further the Company is not party to any agreement with the Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs as a result of a takeover bid other than with Charles Wilson, in that in the event of a change of control of the Company, Charles Wilson has the right to terminate his employment on 30 days notice and to receive a payment equal to his gross salary for his contractual notice period

Directors

The names of those persons serving as Directors of the Company during the year are set out below The Directors held office throughout the period unless otherwise stated

Charles Wilson	
Jonathan Prentis	
Mark Aylwin	
Bryan Drew	(resigned 25 March 2011)
Guy Farrant	(appointed 14 October 2010)
Bryn Satherley	
Richard Rose	
Lord Bilimoria	
Andrew Cripps	
Richard Farr	(resigned 18 May 2011)
Karen Jones	
Stewart Gilliland	(appointed 8 December 2010)

Biographical details of the Directors are set out in the section headed Board of Directors and Officers

In accordance with the Company's Articles of Association, Guy Farrant and Stewart Gilliland, having been appointed since the last Annual General Meeting will offer themselves for election at the 2011 Annual General Meeting In accordance with the revised Code all of the other Directors have resolved to stand for re-election annually and will be standing for re-election at the 2011 Annual General Meeting

Conflicts of Interest

Following the changes made to the Company's Articles of Association at the Annual General Meeting in 2008 and the subsequent introduction of section 175 of the Companies Act 2006 on 1 October 2008 which allows the Directors to authorise potential and actual conflicts of interest, formal procedures for the notification and authorisation of such conflicts have been approved by the Board

These procedures, which enable the Directors to impose limits or conditions when giving or reviewing authorisation, ensure that only Directors who have no interest in the matter being considered can authorise conflicts, and require the Board to review the register of Directors' conflicts annually and on an ad hoc basis when necessary Any potential conflicts of interest in relation to newly appointed Directors are considered by the Board prior to appointment These procedures have operated effectively throughout the current financial period

The Company maintains appropriate Directors' and Officers' liability insurance in respect of itself and its Directors The Directors may also be indemnified in accordance with the Company's Articles of Association and to the maximum extent permitted by law, although no such indemnities are currently in place The insurance does not, and any indemnities if granted would not, provide cover where the relevant Director or officer has acted fraudulently or dishonestly

The Company prepares a separate Corporate Governance Report (see pages 11 to 18) and Directors' Remuneration Report (see pages 19 to 25)

The interests of the Directors in the Ordinary Shares of the Company were as follows

	Ordinary Shares in Booker Group plc 25 March 2011	Ordinary Shares in Booker Group plc 26 March 2010
Charles Wilson	**108,241,986**	123,241,986
Jonathan Prentis	**10,363,486**	15,363,486
Mark Aylwin	**1,673,170**	1,673,170
Bryan Drew [1]	**10,363,486**	16,863,486
Guy Farrant [2]	**668,547**	n/a
Bryn Satherley	**10,363,486**	15,363,486
Richard Rose	**910,282**	910,282
Lord Bilimoria [3]	**50,000**	200,000
Andrew Cripps	**200,000**	200,000
Richard Farr [4]	**0**	0
Karen Jones	**145,000**	100,000
Stewart Gilliland [5]	**0**	n/a

[1] Bryan Drew resigned from the Board on 25 March 2011

[2] Guy Farrant was appointed to the Board on 14 October 2010

[3] On the 4 November 2010, Lord Bilimoria sold 150,000 Ordinary Shares SG Hambros Bank Limited released the pledge on his remaining shareholding

[4] Richard Farr resigned from the Board on 18 May 2011

[5] Stewart Gilliland was appointed to the Board on 8 December 2010

Details of the interests of Directors in options over Ordinary Shares of the Company are set out on page 24

There have been no changes in the interests of any of the Directors between 25 March 2011 and 18 May 2011

DIRECTORS' REPORT
continued

Substantial interests
The Company has been notified of the following shareholdings of 3% or more of the total voting rights attaching to its issued share capital as at 18 May 2011.

	%
Morley Fund Investment	7.77%
Charles Wilson	7.06%
Schroder Investment Management	6.31%
Ameriprise Financial Inc	5.52%
AXA Investment Managers	5.40%
Prudential Plc	5.05%
Blackrock Inc	5.00%
Artemis Investment Management	4.99%
Cazenove Capital Management	4.66%
Legal & General Group Plc	3.06%

Employees
It is the Group's policy to involve employees in the business and to ensure that matters of concern to them, including the Group's aims and objectives and its financial performance, are communicated in an open and regular way. This is achieved through the use of business briefings, newsletters and other less formal communications.

The Directors encourage employees to become shareholders to improve active participation in and commitment to the Group's success. This policy has been pursued for all employees through the SAYE scheme. As at the year end 1,118 employees were contributing monthly to the SAYE scheme.

The promotion of equal opportunities for all employees, including disabled persons, is regarded as an important Group priority. Applications for employment and promotion of disabled persons are treated on the same basis as those from other applicants having regard to aptitude, ability, requirements of the job and experience. The Group's policy is to seek to continue the employment of, and to arrange appropriate training for, employees who have become disabled during the period when they were employed by the Group.

In the year the average number of persons employed by the Group (including Directors) increased from 8,741 to 9,063 primarily due to the acquisition of Classic Drinks and Ritter-Courivaud Limited.

Suppliers
The Group works closely with its suppliers to ensure the delivery of its policies on product quality and integrity, health and safety, and the environment. Payments to suppliers are made in accordance with terms and practices agreed with individual suppliers. Trade creditors for the Group at the financial year end represented 38 days of purchases (2010: 40 days).

Share capital
As at 25 March 2011, the Company's share capital consisted of 1,532,631,329 issued and fully paid Ordinary Shares with a nominal value of 1 pence per share, listed on the London Stock Exchange. A total of 9,346,748 Ordinary Shares were issued during the year in connection with the exercise of options under the Company's share option schemes. Ordinary Shares may be held in certificated or uncertificated form. Further details of the Company's authorised and issued share capital are set out in note 20 to the Financial Statements.

At the Annual General Meeting held in 2010, the Company was granted authority by shareholders to purchase up to 148 million Ordinary Shares, representing less than 10% of the Company's ordinary share capital as at 11 June 2010. No Ordinary Shares were purchased pursuant to this authority during the year. In accordance with current best practice, the Company will seek to renew this authority at the forthcoming Annual General Meeting.

The rights and obligations attaching to the Company's Ordinary Shares are contained in the Company's Articles of Association, a copy of which can be viewed on the Company's website or obtained by request to the Company Secretary. The Articles of Association can only be changed by special resolution passed in a general meeting of shareholders.

Each Ordinary Share carries the right to one vote on a poll, and to attend and speak at a general meeting of the Company, to appoint proxies to exercise full voting rights and to participate in any distribution of income or capital There are no restrictions on transfer or limitations on the holding of the Ordinary Shares, nor are there any requirements for prior approval for their transfer Under the Articles of Association, the Directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary Shares in circumstances where the holder of those shares fails to comply with a notice issued under section 793 of the Companies Act 2006

Ordinary Shares acquired through the Company's share option schemes rank equally with all other Ordinary Shares in issue and have no special rights Details of share options granted but not exercised or lapsed as at 25 March 2011 are set out in note 23 to the Financial Statements

In respect of Directors' shareholdings, there are no known arrangements under which financial rights are held by persons other than holders of the shares

Annual General Meeting

The Annual General Meeting of the Company will be held at 11 00am on Wednesday 6 July 2011 at Booker business centre St Pancras, 106 Camley Street, Elm Village, Camden, London NW1 0PF

The Notice of Annual General Meeting, which separately accompanies this document, includes details of the business to be transacted at the meeting and contains an explanation of all resolutions to be considered at the Annual General Meeting

It is the intention that the entire Board will stand for re-election other than those appointed during the year who will stand for election in accordance with the Articles

Electronic Communications

The Company is authorised under its Articles of Association and pursuant to the Companies Act 2006 to communicate with shareholders or anyone with an indirect interest in shares by making such communication available on its website The Company has written to all shareholders to invite them to indicate how they wish to receive copies of the Annual Report and Accounts Accordingly, the Company will distribute its printed Annual Report and Accounts only to shareholders who have indicated to the Company that they wish to receive it in that form The Company will periodically canvas new shareholders on the form in which they wish to receive their shareholder communications

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Group and Company financial statements

Political and charitable contributions

The Group made no political contributions or donations during the period, nor has it incurred any other political expenditure, either in the UK or overseas Staff and Directors have raised £53,300 for 132 local charities across the country The Group donated £11,000 each to Caravan and Sweet Charity In addition donations totalling £59,394 have been made to charities by colleagues through the 'Give as you Earn' scheme

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware and that he or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The Company's auditors, KPMG Audit Plc, have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting for their reappointment as the external auditor to the Company

This report was approved by the Board of Directors on 18 May 2011

M. Chilton

Mark Chilton
Company Secretary

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 25 March 2011

	Note	2011 £m	2010 £m
Revenue	3	**3,595 8**	3,386 9
Cost of sales		**(3,466 9)**	(3,271 9)
Gross profit		**128 9**	115 0
Admınıstratıve expenses		**(52 4)**	(48 4)
Operatıng profıt		**76 5**	66 6
Fınance ıncome	6	**4 0**	1 2
Fınance expenses	6	**(9 1)**	(10 6)
Net financıng costs	6	**(5 1)**	(9 4)
Profit before tax	4	**71 4**	57 2
Tax	7	**(12 3)**	(9 6)
Profıt for the penod attnbutable to the owners of the Company		**59 1**	47 6
Earnıngs per share (Pence)			
Basıc	8	**3 90p**	3 19p
Dıluted	8	**3 79p**	3 11p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 25 March 2011

	Note	2011 £m	2010 £m
Profit for the penod		**59 1**	47 6
Actuanal loss ansıng ın the pensıon scheme	18	**(1 2)**	(32 6)
Tax relatıng to actuanal losses	7,11	**0 3**	9 1
Effectıve portıon of changes ın the faır value of cash flow hedge	16	**1 6**	1 4
Ineffectıve portıon of cash flow hedge recycled to consolıdated ıncome statement		**—**	1 4
Tax relatıng to cash flow hedge	7,11	**(0 4)**	(0 8)
Other comprehensıve ıncome/(expense)		**0 3**	(21 5)
Total comprehensıve ıncome for the penod attnbutable to the owners of the Company		**59 4**	26 1

CONSOLIDATED BALANCE SHEET

As at 25 March 2011

	Note	25 March 2011 £m	26 March 2010 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	**60 5**	59 5
Intangible assets	10	**437 3**	423 9
Deferred tax asset	11	**13 7**	17 1
		511 5	500 5
Current assets			
Inventories	12	**220 4**	214 1
Trade and other receivables	13	**87 1**	72 2
Cash and cash equivalents		**46 2**	43 7
		353 7	330 0
Total assets		**865 2**	830 5
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	15	**(0 3)**	–
Trade and other payables	14	**(424 2)**	(408 8)
Current tax		**(17 1)**	(18 0)
Other financial liabilities	16	**–**	(1 6)
		(441 6)	(428 4)
Non-current liabilities			
Interest bearing loans and borrowings	15	**(18 8)**	(36 7)
Other payables	14	**(28 3)**	(28 2)
Retirement benefit liabilities	18	**(8 0)**	(21 8)
Provisions	19	**(34 6)**	(38 2)
		(89 7)	(124 9)
Total liabilities		**(531 3)**	(553 3)
Net assets		**333 9**	277 2
EQUITY			
Share capital	20	**15 3**	14 9
Share premium account		**45 3**	31 0
Merger reserve		**260 8**	260 8
Share option reserve		**4 1**	3 0
Hedge reserve		**–**	(1 2)
Retained earnings		**8 4**	(31 3)
Total equity attributable to equity holders		**333 9**	277 2

These financial statements were approved by the Board of Directors on 18 May 2011 and were signed on its behalf by

Charles Wilson
Director

Jonathan Prentis
Director

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 25 March 2011

	Note	2011 £m	2010 £m
Cash flows from operating activities			
Profit before tax		**71 4**	57 2
Depreciation	9	**12 6**	14 0
Amortisation	10	**0 1**	–
Net finance cost		**5 1**	9 4
Loss on disposal of property, plant and equipment		**0 1**	0 1
Equity settled share based payments		**2 1**	1 4
Increase in inventories		**(0 3)**	(17 3)
Increase in debtors		**(9 5)**	(8 6)
Increase in creditors		**11 8**	44 6
Decrease in provisions	19	**(5 6)**	(3 7)
Contributions to pension scheme	18	**(11 0)**	(11 6)
Net cash flow from operating activities		**76 8**	85 5
Interest paid		**(5 2)**	(7 4)
Partial settlement of interest swap		**–**	(7 2)
Tax paid		**(10 3)**	(8 6)
Cash generated from operating activities		**61 3**	62 3
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(11 9)**	(15 5)
Acquisition of intangibles		**(0 5)**	–
Sale of property, plant and equipment		**–**	0 1
Net debt arising from acquisition of subsidiary	24	**(3 3)**	–
Acquisition of trade and assets	24	**(3 7)**	–
Net cash outflow from investing activities		**(19 4)**	(15 4)
Cash flows from financing activities			
Payment of finance lease liabilities		**(0 1)**	(0 2)
Repayment of borrowings		**(20 0)**	(10 0)
Proceeds from issue of ordinary shares		**0 2**	0 2
Dividends		**(19 5)**	(13 6)
Net cash outflow from financing activities		**(39 4)**	(23 6)
Net increase in cash and cash equivalents		**2 5**	23 3
Cash and cash equivalents at the start of the period		**43 7**	20 4
Cash and cash equivalents at the end of the period		**46 2**	43 7
Cash and cash equivalents consist of			
Cash and cash equivalents		**46 2**	43 7
Bank overdrafts		**–**	–
		46 2	43 7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

52 weeks ended 25 March 2011

	Note	Share capital £m	Share premium £m	Merger reserve £m	Share option reserve £m	Hedge reserve £m	Retained earnings £m	Total £m
At 26 March 2010		14 9	31 0	260 8	3 0	(1 2)	(31 3)	**277 2**
Profit for the period		–	–	–	–	–	59 1	**59 1**
Defined benefit plan actuarial losses	18	–	–	–	–	–	(1 2)	**(1 2)**
Effective portion of changes in fair value of cash flow hedge	16	–	–	–	–	1 6	–	**1 6**
Tax relating to components of other comprehensive income	7,11	–	–	–	–	(0 4)	0 3	**(0 1)**
Total comprehensive income for the period		–	–	–	–	1 2	58 2	**59 4**
Shares issued		0 3	14 2	–	–	–	–	**14 5**
Share options exercised		0 1	0 1	–	(1 0)	–	1 0	**0 2**
Share based payments	23	–	–	–	2 1	–	–	**2 1**
Dividends to shareholders	22	–	–	–	–	–	(19 5)	**(19 5)**
At 25 March 2011		15 3	45 3	260 8	4 1	–	8 4	**333 9**

52 weeks ended 26 March 2010

	Note	Share capital £m	Share premium £m	Merger reserve £m	Share option reserve £m	Hedge reserve £m	Retained earnings £m	Total £m
At 27 March 2009		14 9	30 8	260 8	1 6	(4 0)	(41 0)	**263 1**
Profit for the period		–	–	–	–	–	47 6	**47 6**
Defined benefit plan actuarial losses	18	–	–	–	–	–	(32 6)	**(32 6)**
Effective portion of changes in fair value of cash flow hedge	16	–	–	–	–	1 4	–	**1 4**
Ineffective portion of cash flow hedge recycled to consolidated income statement		–	–	–	–	1 4	–	**1 4**
Tax relating to components of other comprehensive income	7,11	–	–	–	–	(0 8)	9 1	**8 3**
Total comprehensive income for the period		–	–	–	–	2 0	24 1	**26 1**
Shares options excercised		–	0 2	–	–	–	–	**0 2**
Share based payments	23	–	–	–	1 4	–	–	**1 4**
Dividends to shareholders	22	–	–	–	–	–	(13 6)	**(13 6)**
Reserves reclassification		–	–	–	–	0 8	(0 8)	**–**
At 26 March 2010		14 9	31 0	260 8	3 0	(1 2)	(31 3)	**277 2**

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General information

Overview

Booker Group plc is a public limited company incorporated in the United Kingdom (Registration number 05145685) The Company is domiciled in the United Kingdom and its registered address is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT The nature of the Group's operations and its principal activities are set out in the Chief Executive's Review and Directors' Report

Basis of accounting

In accordance with EU law (IAS Regulation EC 1606/2002), the group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the EU as at 25 March 2011 ('adopted IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS The company has elected to prepare its parent company accounts in accordance with UK Generally Accepted Accounting Principles ('UK GAAP'), these are presented on pages 59 to 62

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group') The parent company financial statements present information about the Company as a separate entity and not about its Group

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

The financial statements for the current and prior period have been prepared for a 52 week period to reflect internal management reporting

Accounting standards adopted in the period

IFRS 3 (revised) 'Business Combinations' is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting date beginning on or after 1 July 2009 During the period, the Group made two acquisitions as set out in note 24, and the requirements of these standards has been applied in accounting for these transactions

The following do not have a material effect on the financial statements

- Amendments to IAS 27 'Consolidated and Separate Financial Statements'
- Amendments to IAS 39 'Financial Instruments Recognition and Measurement Eligible Hedged Items'
- Amendments to IAS 39 'Reclassification of Financial Assets Effective Date and Transition'
- Improvements to IFRSs (issued 16 April 2009)
- Amendments to IAS 17 'Leases'
- Amendments to IAS 32 'Financial Instruments Presentation'

New IFRS and amendments to IAS and interpretations

There are a number of standards and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this reporting period The following have not been adopted by the Group

		Effective for accounting periods starting on or after
Amendments to IFRIC 14 IAS 19 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	*	1 January 2011
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'	*	1 July 2010
Revised IAS 24 'Related Party Disclosure'	*	1 January 2011
Improvements to IFRSs (issued May 2010)	*	1 January 2011
Amendments to IFRS 7 'Financial Instruments Disclosures'		1 July 2011
IFRS 9 'Financial Instruments'		1 January 2013

* These standards and interpretations have been endorsed by the European Union

The application of these standards and interpretations is not anticipated to have a material effect on the Group's financial statements

Basis of consolidation

Subsidiaries are entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that are currently exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

On 13 October 2010, the Group acquired the entire share capital of Ritter-Courivaud Ltd and its subsidiaries in a share-for-share transaction The Group obtained control on that date and these financial statements include the results from that date

Going concern

The Directors consider that the risks noted in the Directors' Report are those known to the Directors at the date of such Report which the Directors consider to be material to the Group but these do not necessarily comprise all risks to which the Group is exposed In particular, the Group's performance could be adversely affected by poor economic conditions Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on the business, financial condition or prospects of the Group

The Group's forecasts and projections, taking account of possible changes in trading performance and considering the risks identified, show that the Group should be able to operate within the level of its current debt facility, which is in place until June 2012 The Directors have already started discussing future banking facilities with current and prospective lenders with an aim to secure funding in the next few months

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Group and Company financial statements

Use of assumptions and estimates

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 believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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 and the Audit Committee believes 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 judgements are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations
- IAS37 'Provisions, contingent liabilities and contingent assets' The Group is party to a number of leases on properties that are no longer required for trading Whilst every effort is made to profitably sublet these properties, it is not always possible to do so Where a lease is onerous to the Group, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any) for the period up until the point it is judged that the lease will no longer be onerous In addition, provisions exist for the expected future dilapidation cost on leasehold properties and the expected future costs of removing asbestos from leasehold properties The Directors believe that their estimates, which are based upon the advice of an in-house property department who monitor the UK property market, are appropriate
- IAS36 'Impairment of assets' In testing for impairment of goodwill, the Directors have made certain assumptions concerning the future development of the business that are consistent with its annual budget and forecast into perpetuity Should these assumptions regarding the discount rate or growth in the profitability be unfounded then it is possible that goodwill included in the balance sheet could be impaired At 25 March 2011, the Directors do not consider that any reasonably likely changes in key assumptions would cause the carrying value of the goodwill to become impaired
- IAS12 'Income Taxes' In applying the Group's accounting policy in relation to deferred tax, as set out below, the Directors are required to make assumptions regarding the Group's ability to utilise historical tax assets following an assessment of the likely quantum and timing of future taxable profits A deferred tax asset is recognised to the extent that the Directors are confident that the Group's future profits will utilise historical tax assets

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

2. Accounting policies

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

Intangible assets

a) Business combinations and goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method Goodwill represents amounts arising on acquisition of subsidiaries In respect of business acquisitions that have occurred since 1 April 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable

Goodwill is capitalised and is subject to an impairment review, both annually and when there are indications that its carrying value may not be recoverable

On 4 June 2007 the Company, then named Blueheath Holdings plc, became the legal parent company of Giant Topco Limited in a share-for-share transaction Due to the relative values of the companies, the former Giant Topco Limited shareholders became the majority shareholders with 90 36% of the enlarged share capital As part of the business combination Blueheath Holdings plc changed its name to Booker Group plc and changed its accounting reference date to 31 March Following the transaction the Company's continuing operations and executive management were predominantly those of Giant Topco Limited

IFRS 3 'Business Combinations' defines the acquirer in a business combination as the entity that obtains control Accordingly, the combination was accounted as a reverse acquisition i e as if Giant Topco Limited had acquired Blueheath Holdings plc in return for consideration equal to the fair value of the shares issued

Acquisition costs for acquisitions after 27 March 2010 are expensed to the income statement when incurred

b) Other intangibles

Customer relationships and know how are capitalised and amortised over 5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits repayable on demand Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expenses of the trading outlets

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

Defined benefit plans

The Group'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) is deducted The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations The calculation is performed by a qualified actuary using the projected unit credit method

All actuarial gains and losses as at 1 April 2006, the date of transition to Adopted IFRSs, were recognised In respect of actuarial gains and losses that arise subsequent to 1 April 2006 the Group recognises them in the period they occur directly in other comprehensive income

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan

The expected return on pension scheme assets (recorded net of the costs to administer the scheme) and the interest on pension scheme liabilities are shown in net finance costs within the income statement

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

Financial instruments

Cash flow hedges
The Group used a cash flow hedge to manage its exposure to interest rate risks arising from financing activities and they are stated at fair value The fair value is the estimated amount the Group would receive or pay to terminate these instruments at the balance sheet date, taking into account current interest rates and the current creditworthiness of the instruments' counterparties Changes in the fair value, that are designated and effective as hedges of the future volatility of interest expense, are recognised directly in other comprehensive income The ineffective portion is recognised in the income statement

Financial instruments issued by the Group
Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to ex-change financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of finance expenses Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity

Foreign currency
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

Guarantees
Third party property guarantees are initially recognised as a financial liability under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' These are measured and recognised at fair value These property guarantees are included within 'Provisions' on the balance sheet

Impairment
The carrying values of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated and compared to the carrying amount

An impairment loss is recognised to the extent that the carrying value of an asset exceeds its recoverable amount and is recognised in the income statement

Inventories
Inventories are stated at the lower of cost and net realisable value Cost is based on the weighted average principle and includes certain warehousing and distribution costs incurred in bringing the inventory to their existing location less supplier volume rebates Net realisable value is the estimated selling price less the estimated costs of disposal

Interest bearing borrowings
Interest bearing borrowings are recognised in the balance sheet at amortised cost Costs associated with extending the bank facility are recognised in the income statement over the life of the facility All other borrowing costs are recognised in the income statement in the period in which they are incurred

NOTES TO THE GROUP FINANCIAL STATEMENTS
continued

2 Accounting policies continued

Leases

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Where a lease has a minimum fixed increase, the total minimum lease payments are spread over the lease term The total amount payable over the life of the lease remains unchanged but the timing of the income statement charge changes The excess of the rent charged over the cash payment in any period will be held on the balance sheet within 'Accruals and deferred income'

Lease incentives received are recognised in the income statement as an integral part of the total lease expense

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Net financing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method

Operating segments

IFRS 8 'Operating Segments' requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision maker The chief operating decision maker has been identified as the CEO Internal reports reviewed regularly by the CEO focus on the operations of the Group as a whole and report the results and financial position on an IFRS basis Whilst turnover is reported internally by customer and product types, it is not possible to analyse profitability and balance sheets in this way Products flow through the same distribution channels and there are a large amount of expenses and assets/ (liabilities) that are not specific None of these possible segments have a unique management structure responsible for getting the product from the supplier to the customer The Group has no significant reliance on any individual customers At present the operation in India is insignificant and the Directors therefore present the financial statements as a single reportable segment

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment Labour and associated costs that have been incurred specifically on the 'Extra' business centre conversions have been capitalised in leasehold improvements and are being depreciated over the lesser of 10 years or the number of years remaining on the lease

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment Freehold land is not depreciated The estimated useful lives are as follows

- Leasehold improvements — lesser of the unexpired term of the lease and 50 years
- Plant and equipment — 3-10 years
- Motor vehicles — 4 years

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax rate that reflects the time value of money and the risks specific to the liability

Revenue

Revenue is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods net of discounts, volume rebates and value added tax Discounts are accounted for in the period they are earned Provision is made for expected customer returns

Share based payments

The Group has issued equity settled share based payments to certain employees in exchange for services rendered by them The fair value is measured using an option valuation model at the date of grant and is recognised as an employee expense over the period in which the employees become unconditionally entitled to the options, with a corresponding increase in equity, shown in a separate share option reserve This valuation is based on estimates of the number of options that will eventually vest, taking into account service conditions and market performance

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share

Supplier rebates

Supplier allowances and credits are recorded as a reduction of cost of sales as they are earned according to the underlying agreement Allowances consist primarily of promotional allowances, quantity discounts and payments under merchandising agreements Amounts received under promotional or other merchandising allowance agreements that require specific performance are recognised when the performance is satisfied, the amount is fixed and determinable and the collection is reasonably assured

Taxation

Tax expense included in the Income Statement 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

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 Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised 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 GROUP FINANCIAL STATEMENTS
continued

3 Revenue

	2011 £m	2010 £m
Non tobacco	**2,236 2**	2,091 3
Tobacco	**1,359 6**	1,295 6
	3,595 8	3,386 9

4. Profit before tax

This is stated after charging	2011 £m	2010 £m
Depreciation of property, plant and equipment (note 9)	**12 6**	14 0
Amortisation of intangibles (note 10)	**0 1**	–
Loss on disposal of property, plant and equipment	**0 1**	0 1
Operating lease rentals – land and buildings	**44 6**	40 4
Operating lease rentals – plant and machinery	**8 2**	7 4
During the period the Group incurred the following costs for services provided by the Company's auditors		
Audit of these financial statements	**0 1**	0 1
Audit of financial statements of subsidiaries pursuant to legislation	**0 2**	0 2
Other services	**0 1**	0 2
	0 4	0 5

5 Staff numbers and costs

The average number of persons employed by the Group during the period, was as follows

	2011 Number	2010 Number
Business Centre, distribution and selling	**8,533**	8,282
Administration	**530**	459
	9,063	8,741

The increase in the average number of persons employed by the Group was partly due to the inclusion of those persons employed in the businesses acquired during the period and additional operational staff employed to support the increase in trading activity

The aggregate payroll costs of these persons were as follows	£m	£m
Wages and salaries	**150 1**	139 1
Social security costs	**15 4**	14 1
Equity settled share based payments	**2 1**	1 4
Other pension costs	**3 3**	3 1
	170 9	157 7

Details of Directors' remuneration are provided in the Remuneration Report

6. Finance income and expense

	2011 £m	2010 £m
Expected return on pension scheme assets	35 5	30 0
Interest on pension scheme liabilities	(31 5)	(28 8)
Net income attributable to pension scheme	4 0	1 2
Finance income	4 0	1 2
Interest on bank loans and overdrafts	(5 1)	(6 8)
Unwinding of discount on provisions	(2 0)	(2 2)
Amortisation of financing costs	(2 0)	(1 6)
Finance expense	(9 1)	(10 6)
Net financing costs	(5 1)	(9 4)

7 Tax

i) Analysis of charge in the period

	2011 £m	2010 £m
Arising in respect of current period		
Current tax	14 5	10 5
Deferred tax	3 3	4 4
	17 8	14 9
Arising in respect of prior periods		
Adjustments in respect of prior periods	(5 5)	(4 4)
Benefit of recognition of deferred tax asset	–	(0 9)
	(5 5)	(5 3)
Total tax charge	12 3	9 6

UK corporation tax is calculated at 28% (2010 28%) of the estimated assessable profit for the period Taxation in other jurisdictions is calculated at the rates prevailing in respective jurisdictions

NOTES TO THE GROUP FINANCIAL STATEMENTS
continued

7 Tax continued

ii) Reconciliation of effective tax rate
The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £m	2010 £m
Profit before tax	**71 4**	57 2
Tax using the current UK corporation tax rate of 28% (2010 28%)	**20 0**	16 0
Non deductible expenses	**1 4**	1 4
Recognition of previously unrecognised temporary differences	**(4 0)**	(3 4)
Impact of change in future tax rates	**0 4**	–
Adjustments in respect of prior periods	**(5 5)**	(4 4)
Total tax charge	**12 3**	9 6
Effective tax rate	**17 2%**	16 8%

iii) Tax relating to components of other comprehensive income

	2011 £m	2010 £m
Deferred tax credit/(charge) on		
Retirement benefit obligations	**0 3**	9 1
Cash flow hedge	**(0 4)**	(0 8)
	(0 1)	8 3

Factors that may affect future current and total tax charge

The corporation tax applicable to the company was 28% in the current period From 1 April 2011 the corporation tax rate payable by the company was to reduce to 27% with further 1% reductions each year until 2014/15 (stabilising at a rate of 24%) In the Chancellor's budget in March 2011, it was announced that the corporation tax rate in the UK would instead reduce to 26% from 1 April 2011, with further 1% reductions each year until 2014/15 (stabilising at a rate of 23%) As the change in rate of corporation tax to 27% was enacted as at 25 March 2011, deferred tax has been accounted for at that rate in these financial statements As the subsequent change in rate of corporation tax to 26% was not enacted as at 25 March 2011 deferred tax has not been accounted for at this new rate and the impact of the change is not expected to be material

8 Earnings per share
Basic earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share is based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options and dilutive shares issuable under the Group's share plans

	2011			2010		
	Earnings £m	Weighted average shares Number m	Earnings per share Pence	Earnings £m	Weighted average shares Number m	Earnings per share Pence
Basic EPS	**59 1**	**1,515 0**	**3 90**	47 6	1,491 2	3 19
Share options	**–**	**44 4**	**(0 11)**	–	36 8	(0 08)
Diluted EPS	**59 1**	**1,559 4**	**3 79**	47 6	1,528 0	3 11

The number of shares included in the diluted EPS in relation to the SAYE and the share option schemes has been calculated in accordance with IAS 33 'Earnings per Share'

9 Property, plant & equipment

	Freehold £m	Long Leasehold £m	Short Leasehold £m	Plant & Equipment £m	Motor Vehicles £m	Total £m
Cost						
At 27 March 2009	0 3	10 4	36 0	217 2	6 6	270 5
Additions	–	5 9	0 3	9 3	–	15 5
Disposals	(0 2)	–	(0 8)	(3 0)	(0 3)	(4 3)
Reclassifications	–	0 2	–	(0 2)	–	–
At 26 March 2010	0 1	16 5	35 5	223 3	6 3	281 7
Additions	–	4 1	0 1	7 7	–	11 9
Disposals	–	–	–	(1 4)	(0 9)	(2 3)
Acquired (note 24)	0 2	–	0 1	2 8	1 7	4 8
At 25 March 2011	**0 3**	**20 6**	**35 7**	**232 4**	**7 1**	**296 1**
Depreciation						
At 27 March 2009	–	1 0	23 3	182 1	5 9	212 3
Provided during the period	–	1 2	1 6	11 0	0 2	14 0
Disposals	–	–	(0 8)	(3 0)	(0 3)	(4 1)
At 26 March 2010	–	**2 2**	**24 1**	**190 1**	**5 8**	**222 2**
Provided during the period	–	1 6	1 0	9 7	0 3	12 6
Disposals	–	–	–	(1 4)	(0 8)	(2 2)
Acquired (note 24)	–	–	0 1	2 1	0 8	3 0
At 25 March 2011	–	**3 8**	**25 2**	**200 5**	**6 1**	**235 6**
Net book value						
At 25 March 2011	**0 3**	**16 8**	**10 5**	**31 9**	**1 0**	**60 5**
At 26 March 2010	0 1	14 3	11 4	33 2	0 5	59 5
At 27 March 2009	0 3	9 4	12 7	35 1	0 7	58 2

The cost of freehold properties includes land of £0 3m (2010 £0 1m) on which depreciation is not provided

The net book value of plant and equipment includes £0 2m (2010 £nil) and motor vehicles £0 3m (2010 £nil) in respect of assets held under finance leases

NOTES TO THE GROUP FINANCIAL STATEMENTS
continued

10. Intangible assets

	Goodwill £m	Customer relationships £m	Know how £m	Total £m
Cost				
At 26 March 2010	423 9	–	–	423 9
Acquired in a business combination (note 24)	12 5	0 5	–	13 0
Additions	–	–	0 5	0 5
At 25 March 2011	**436 4**	**0 5**	**0 5**	**437 4**
Amortisation				
At 26 March 2010	–	–	–	–
Charge for the period	–	0 1	–	0 1
At 25 March 2011	**–**	**0 1**	**–**	**0 1**
Net book value				
At 25 March 2011	**436 4**	**0 4**	**0 5**	**437 3**
At 26 March 2010	423 9	–	–	423 9

Goodwill arose in the Group following

- the acquisition of the Big Food Group Limited by Giant Topco Limited in 2005
- the reverse acquisition of Blueheath Holdings plc in 2007
- the acquisition of Ritter-Courivaud Limited in 2010
- the acquisition of the trade and assets of Classic Drinks in 2010

Under IAS 36 'Impairment of Assets', the Group is required to test its fixed assets for impairment at least annually, or more frequently if indicators of impairment exist Impairment reviews compare the carrying value of the goodwill contained in each cash generating unit ('CGU') with its recoverable amount

The recoverable amount of each CGU is considered to be its value in use, calculated by reference to the Group's pre tax cash flow projections based on the Group's approved budget for 2012 and plan for 2013 Cash flows beyond this period are extrapolated into perpetuity using an estimated growth rate of 2% (2010 2%), being the Directors' estimated view of the long term compound growth in the economy This is considered appropriate because the CGU is considered to be a long term business The discount rate used reflects the market assumptions for the risk free rate and equity risk premium and also takes into account the cost of debt

The main assumptions on which the forecast cash flows were based include the level of sales, gross margin and expenses within the business and have been set by the Directors based on their past experience of the business and its industry together with their future plans for the business and expectations of the market The level of sales depends upon the size of the markets in which the Group operates together with the Directors' estimations of its market share and competitive pressures Gross margin is dependent upon the net costs to the business of purchasing products together with the level of supplier rebates and income to support sales activities Expenses are based on the current cost base of the Group adjusted for variable costs and known plans for the business

The Directors believe that two CGUs now exist within the Group

a) Ritter
A pre tax discount rate of 10 8% has been applied to the projected cash flows

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions With all other assumptions held constant, an increase in the pre tax discount rate to 32% or a decline in growth of -27% does not identify that an impairment is required The headroom is assessed in the impairment review as £35m

b) remaining business excluding Ritter
A pre tax discount rate of 11 2% (2010 11 2%) has been applied to the projected cash flows

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions With all other assumptions held constant, an increase in the pre tax discount rate to 18 5% or a decline in growth of -6 5% does not identify that an impairment is required The headroom is assessed in the impairment review as £395m

The Directors believe that the assumptions on which the carrying value of fixed assets is supported are reasonable and that no impairment to fixed assets is required

During the period, the Group paid £0 5m for a 50% shareholding in Provenance Too Limited which holds the intellectual property in Provenance Limited ('Provenance') Provenance provides procurement services to the Group

11 Deferred tax assets and liabilities

Recognised deferred tax assets

The following are the major deferred tax assets recognised by the Group

	Decelerated tax depreciation £m	Short term timing differences £m	Retirement benefit obligations IAS 19 £m	Property leases IAS17 £m	Financial instruments IAS 39 £m	Share based payments IFRS 2 £m	Total £m
At 27 March 2009	4 8	–	0 6	3 3	3 2	0 4	12 3
Credit/(charge) to the income statement	0 9	0 5	(3 6)	0 3	(2 0)	0 4	(3 5)
Credit/(charge) to equity	–	–	9 1	–	(0 8)	–	8 3
At 26 March 2010	5 7	0 5	6 1	3 6	0 4	0 8	17 1
Credit/(charge) to the income statement	0 5	0 1	(4 2)	–	–	0 3	(3 3)
Credit/(charge) to equity	–	–	0 3	–	(0 4)	–	(0 1)
At 25 March 2011	**6 2**	**0 6**	**2 2**	**3 6**	**–**	**1 1**	**13 7**

IAS 12 'Income Taxes' permits the offsetting of balances within the same tax jurisdiction All of the deferred tax assets were available for offset against deferred tax liabilities

Unrecognised deferred tax assets

Based on an assessment of the quantum and timing of future taxable profits, deferred tax assets have not been recognised in respect of the following

	2011 £m	2010 £m
Property, plant and equipment	**–**	3 0
Tax losses	**6 7**	12 6
Surplus ACT carried forward	**30 0**	30 0
	36 7	45 6

The amounts of unrecognised deferred tax assets disclosed in the above table represent net amounts At the balance sheet date the Group had surplus unclaimed capital allowances of £23m (2010 £31m) of which £nil (2010 £10m) are not recognised The Group also has unutilised tax trading losses of £23m (2010 £33m), unutilised non trading losses of £1m (2010 £12m) and surplus ACT of £30m (2010 £30m), all of which are not recognised on the basis that recovery is not probable There are no expiry dates attributed to any of the above

The Group does not have any unremitted overseas earnings

12 Inventories

	2011 £m	2010 £m
Goods held for resale	**220 4**	214 1

NOTES TO THE GROUP FINANCIAL STATEMENTS
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13 Trade and other receivables

	2011 £m	2010 £m
Trade receivables	**49 1**	37 2
Allowance for doubtful debts	**(4 7)**	(3 8)
	44 4	33 4
Prepayments and accrued income	**42 7**	38 8
	87 1	72 2

Trade receivables of £44 4m (2010 £33 4m) comprise principally of amounts receivable from the sale of goods and are classified as loans and receivables in note 16

The movement in the allowance for doubtful debts is as follows

	2011 £m	2010 £m
At start of period	**3 8**	3 8
Acquired through business combinations	**0 2**	–
Utilised in the period	**(0 8)**	(0 7)
Charged to income statement	**1 5**	0 7
	4 7	3 8

14. Trade and other payables

	2011 £m	2010 £m
i) Current		
Trade payables	**367 0**	357 7
Other taxes and social security costs	**24 3**	20 0
Other payables	**4 7**	5 2
Accruals and deferred income	**28 2**	25 9
	424 2	408 8
ii) Non-Current		
Accruals and deferred income	**28 3**	28 2

Trade payables, other payables and accruals and deferred income of £399 9m (2010 £388 8m) are classified under financial liabilities in note 16

The non-current accruals and deferred income relate mainly to lease incentives and guaranteed minimum lease payments

15. Interest bearing loans and borrowings

a) Summary

	2011 £m	2010 £m
Bank loan	**20 0**	40 0
Obligations under finance leases	**0 4**	–
	20 4	40 0
Less unamortised arrangement fees	**(1 3)**	(3 3)
	19 1	36 7
Current liabilities	**0 3**	–
Non-current liabilities	**18 8**	36 7
	19 1	36 7

b) Borrowings contractually repayable

	2011 £m	2010 £m
On demand or within one year	**0 3**	–
Between one and two years	**20 1**	–
Between two to five years	**–**	40 0
	20 4	40 0

c) Obligations under finance leases

	2011 £m	2010 £m
The maturity of these amounts is as follows		
Within one year	**0 3**	–
Between one and two years	**0 1**	–
	0 4	–

There is no material difference between the net amounts payable under finance leases disclosed above and the gross amounts including interest payments

d) Borrowing facilities

The Group held at 25 March 2011 a £20 0m bank loan and a £136 0m revolving credit facility available until June 2012 These facilities are provided by Bank of Scotland plc and Barclays plc The bank loan and revolving credit facility are secured against the assets of the Group There are cross guarantees between all Group companies (other than dormant subsidiaries) The bank loan and revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 2 0% to 2 6% In the event of default of covenants on the bank facility, the principal amounts and any interest accrued are repayable on demand

	2011 £m	2010 £m
Bank loan repayable	**20 0**	40 0
Facility available	**136 0**	146 0
Bank guarantees	**(19 3)**	(30 7)
Overdraft	**–**	–
Undrawn facility available	**116 7**	115 3

Of the £136 0m facility available, £22 9m (2010 £32 9m) related to bank guarantees

Subsequent to the year end, bank guarantees of £15 0m were released and the revolving credit facility was reduced to £121 0m

NOTES TO THE GROUP FINANCIAL STATEMENTS
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16. Financial instruments

Details of significant accounting policies and methods adopted, including the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2

The book value and fair value of the financial instruments are as follows

	Note	Book value 2011 £m	Book value 2010 £m	Fair value 2011 £m	Fair value 2010 £m
Financial assets					
Loans and other receivables		**44 4**	33 4	**44 4**	33 4
Cash and cash equivalents		**46 2**	43 7	**46 2**	43 7
		90 6	77 1	**90 6**	77 1
Financial liabilities					
Other financial liabilities	a	**–**	(1 6)	**–**	(1 6)
Borrowings	b	**(20 0)**	(40 0)	**(18 7)**	(37 7)
Trade and other payables		**(399 9)**	(388 8)	**(399 9)**	(388 8)
Property guarantees	c	**(4 0)**	(4 0)	**(4 0)**	(4 0)
		(423 9)	(434 4)	**(422 6)**	(432 1)

Loans and other receivables represent amounts receivable from the sale of goods, together with amounts due from rebates (see note 13) and are initially measured at fair value and then subsequently held at amortised cost

Fair values have been calculated as follows

a) estimated by discounting estimated future cash flows based on the applicable yield curves derived from quoted interest rates

b) based on discounted expected future principal and interest cash flows

c) estimated by discounting estimated future cash flows based on the terms and maturity and risk of each guarantee crystallising

The following is an analysis of the undiscounted contractual cash flows payable under financial liabilities

	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due between 3 and 4 years £m	Over 4 years £m
2011					
Borrowings	–	20 0	–	–	–
Trade and other payables	399 9	–	–	–	–
	399 9	**20 0**	**–**	**–**	**–**
2010					
Financial instruments	1 6	–	–	–	–
Borrowings	–	–	40 0	–	–
Trade and other payables	388 8	–	–	–	–
	390 4	**–**	**40 0**	**–**	**–**

It is not possible to quantify the timing of the cash flows relating to the property guarantees

The undiscounted cash flows for borrowings differ from their carrying value in the balance sheet due to the inclusion of contractual interest payments and the adjustment for non cash items including unamortised borrowing costs The undiscounted cash flows for financial instruments reflect the amounts payable on these instruments which differs from the fair value recorded on the balance sheet There is no difference between the discounted and undiscounted cash flows associated with trade payables due to their short term nature

Credit risk

The Group is predominantly a cash sales business with low levels of trade receivables in comparison to total sales for the year and has no significant concentration of credit risk, with exposure spread over a large number of customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group has an accounting policy to provide for certain overdue trade receivables based on past experience, and believe that there are no significant unprovided overdue financial assets.

Liquidity risk

The Group will finance operations and growth from existing cash resources, finance leases and committed borrowing facilities to ensure the constant availability of an appropriate amount of reasonably priced funding to meet both current and future forecast requirements.

Interest rate risk

The Group is exposed to interest rate risk as it has bank borrowings with a floating interest rate. This risk was managed by the use of interest rate contracts so that £40m was fixed at 4.98% and this swap expired on 24 March 2011. Following the repayment of £20m bank loans, the Group has chosen not to hedge its remaining £20m of borrowings.

	2011 £m	2010 £m
Interest rate swap designated and effective as cash flow hedging instrument	–	(1.6)
Current liabilities	–	(1.6)
The movement in the fair value is as follows		
At start of period	**(1.6)**	(11.6)
Effective portion of changes in the fair value of interest rate hedge	**1.6**	1.4
Ineffective hedge transferred to the income statement	–	1.4
Cash settlement	–	7.2
At end of period	–	(1.6)

A table showing the period cash flows associated with the interest rate contracts is shown on the previous page.

The impact on the income statement is considered to be equivalent to the impact on cash flows.

Sensitivity analysis has been based on the exposure to interest rates on the borrowings that were outstanding at the balance sheet date. As the only borrowings outstanding are £20m of bank loans, a 1% increase in LIBOR will only increase the interest charge by £0.2m.

Capital risk

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In assessing the level of capital all components of equity are taken into account (i.e. share capital and retained earnings). The Group has £27.1m of net cash as at 25 March 2011 and is not subject to externally imposed capital requirements. Management of capital therefore focuses around its ability to generate cash from its operations.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to raise funds. The Group believes it is meeting its objectives for managing capital as funds are available for reinvestment where necessary as well as being in a position to make returns to shareholders where this is felt appropriate.

Foreign currency risk

Less than 1% of purchases are denominated in foreign currencies.

The majority of sales are denominated in sterling, with the exception of sales made from the Group's Indian operation which are denominated in rupees.

The Directors do not consider that the Group has significant exposure to movements in foreign exchange and the Group does not hold any foreign exchange contracts.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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17. Analysis of net cash

	At 26 March 2010 £m	Debt acquired on acquisition £m	Cash flow £m	Non cash items £m	At 25 March 2011 £m
Cash and cash equivalents	43 7	–	2 5	–	**46 2**
Overdrafts	–	(3 2)	3 2	–	**–**
	43 7	(3 2)	5 7	–	**46 2**
Finance leases	–	(0 5)	0 1	–	**(0 4)**
Bank loans	(40 0)	–	20 0	–	**(20 0)**
Unamortised arrangement fees	3 3	–	–	(2 0)	**1 3**
	(36 7)	(0 5)	20 1	(2 0)	**(19 1)**
Net cash	7 0	(3 7)	25 8	(2 0)	**27 1**

The £3 7m of debt acquired on acquisition relates to

- Ritter-Courivaud Limited £3 3m (see note 24)
- The trade and assets of Classic Drinks £0 4m (see note 24)

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

18. Post employment benefits

The Group operates a variety of post employment benefit arrangements, covering both funded defined benefit and funded defined contribution schemes to provide benefits to both full-time and part-time employees

Defined contribution schemes

Pension contributions of £3 3m (2010 £3 1m) were charged to defined contribution schemes in the period Included within accruals is £0 3m (2010 £0 3m) of outstanding pension contributions

Defined benefit schemes

The Booker Pension Scheme ('the Scheme') is a funded pension arrangement based on final salary and was closed to new entrants in October 2001 with benefits ceasing to accrue from July 2002 However, active members' benefits retain a link to their final salaries The assets of the scheme are held separately from those of the Group and are invested by independent fund managers appointed by the Trustees

The benefit obligations as at 25 March 2011 have been calculated by an independent actuary on an IAS 19 basis using membership data obtained from the 31 March 2010 triennial actuarial valuation which has then been updated to 25 March 2011

(a) Major assumptions used by the actuary

	2011	2010
Discount rate	**5 50%**	5 70%
Rate of increase in salaries	**4 65%**	5 00%
Pension increases	**3 40%**	3 50%
RPI inflation	**3 40%**	3 50%
CPI inflation	**2 70%**	–
Expected rate of return on Scheme assets		
Equities	**8 00%**	8 00%
Bonds	**5 50%**	5 70%
Property	**8 00%**	–
Cash	**0 50%**	0 50%

On 8 July 2010, the Government announced its intention to change the measure of price inflation for private sector schemes from the Retail Prices Index ('RPI') to the Consumer Prices Index ('CPI') In light of this, the statutory revaluation orders published in January 2011 were based on CPI for the first time and the statutory minimum requirement for pension increases in payment has been linked to CPI rather than RPI The Scheme's Trust Deed and Rules are drafted in a way such that only the benefits of a small historical section of the Scheme are impacted by this change The revaluations in deferment and pension increases in payment for most of the Scheme's membership will continue to be linked to RPI This has resulted in a credit of £3 7m recognised in other comprehensive income within actuarial losses during the period

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

		2011	2010
Aged 65 retiring immediately (current pensioner)	Male	**20 7**	19 4
	Female	**22 9**	22 4
Aged 40 retiring at 65 (future pensioner)	Male	**22 4**	20 2
	Female	**24 2**	23 1

(b) The amounts recognised in the balance sheet

	2011		2010	
	£m	%	£m	%
Equities	**278 6**	**51%**	285 9	51%
Bonds	**221 8**	**41%**	253 0	45%
Property	**39 3**	**7%**	–	–
Cash	**2 1**	**1%**	24 6	4%
Fair value of Scheme assets	**541 8**	**100%**	563 5	100%
Present value of Scheme liabilities	**(549 8)**		(585 3)	
Deficit in the Scheme	**(8 0)**		(21 8)	

(c) Movement in the fair value of Scheme assets

	2011 £m	2010 £m
At start of period	**563 5**	437 8
Employer contributions	**11 0**	11 6
Expected return on Scheme assets	**35 5**	30 0
Actuarial gains	**1 4**	116 3
Benefits paid	**(69 6)**	(32 2)
At end of the period	**541 8**	563 5

The expected rate of return on assets is a weighted average based on the respective returns expected on the separate asset classes held by the Scheme and then deducting the expected administration costs borne by the Group and an amount in respect of the PPF levy

The expected rates of return on equities is set with reference to the expected long term return taking into account the expected out performance of equities over bonds The expected return on property is set with the expectation of a similar return to an equity investment The expected return on bonds is measured directly from actual market yields from corporate bonds at the balance sheet date reflecting the mandates held by the investment managers

NOTES TO THE GROUP FINANCIAL STATEMENTS
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18. Post employment benefits continued

(d) Movement in the present value of Scheme liabilities

	2011 £m	2010 £m
At start of period	(585 3)	(439 8)
Interest on Scheme liabilities	(31 5)	(28 8)
Actuarial losses	(11 1)	(148 9)
Experience gains	8 5	-
Benefits paid	69 6	32 2
At end of the period	(549 8)	(585 3)

(e) Movement in the Scheme net liability

	2011 £m	2010 £m
At start of period	(21 8)	(2 0)
Employer contributions	11 0	11 6
Credit recognised in the income statement	4 0	1 2
Actuarial loss recognised in other comprehensive income	(1 2)	(32 6)
At end of the period	(8 0)	(21 8)

(f) Amounts recognised in the income statement

	2011 £m	2010 £m
Expected return on Scheme assets	35 5	30 0
Interest on Scheme liabilities	(31 5)	(28 8)
Credited to finance income	4 0	1 2

(g) Cumulative actuarial gains and losses recognised in other comprehensive income

	2011 £m	2010 £m
Actuarial gain at start of period	87 9	120 5
Actuarial loss recognised in other comprehensive income	(1 2)	(32 6)
Actuarial gain at end of period	86 7	87 9

These cumulative gains reflect the total recognised since the acquisition of The Big Food Group plc by Giant Topco Limited in February 2005

(h) Actual return on Scheme assets

	2011 £m	2010 £m
Expected return	35 5	30 0
Actuarial gains	1 4	116 3
	36 9	146 3

(i) Historical information

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Fair value of Scheme assets	**541 8**	563 5	437 8	516 8	619 8
Present value of Scheme liabilities	**(549 8)**	(585 3)	(439 8)	(507 0)	(647 1)
(Deficit)/surplus in the Scheme	**(8 0)**	(21 8)	(2 0)	9 8	(27 3)
Difference between actual and expected return on assets	**1 4**	116 3	(93 9)	(47 2)	(19 4)
Percentage of Scheme assets (%)	**0 3%**	20 6%	21 4%	9 1%	3 1%
Experience gains/(losses) on Scheme liabilities	**8 5**	(1 0)	–	11 7	37 8
Percentage of Scheme liabilities (%)	**1 5%**	0 2%	–	2 3%	5 8%

(j) Sensitivities

Below is listed the impact on the Scheme liabilities of changing key assumptions whilst holding other assumptions constant

Discount rate	+/- 0 1%	Decrease/increase liabilities by £9m
RPI inflation rate	+/- 0 1%	Increase/decrease liabilities by £8m
Life expectancy for current and future pensioners	+/- 1 year	Increase/decrease liabilities by £15m

(k) Contributions to be paid

The Trustees of the Scheme and Group have agreed a schedule of contributions for the next 5 5 years (up to October 2016) of £9 6m per annum The Group has also agreed to meet the cost of certain expenses of the scheme estimated to be around £1 3m per annum

19 Provisions

	Property provisions £m	Other £m	Total £m
At 26 March 2010	34 2	4 0	**38 2**
Unwinding of discount	2 0	–	**2 0**
Released to income statement	–	–	**–**
Utilised	(5 6)	–	**(5.6)**
At 25 March 2011	30 6	4 0	**34 6**

The property provisions principally relate to

- the onerous leases on property currently vacant or sublet for less than the cost of the underlying head lease
- the expected future dilapidation cost on leasehold properties
- the expected future costs of removing asbestos from leasehold properties Although not a health risk, the Group is legally required to undertake a programme of removal

Property provisions are discounted at 7 0% (2010 7 0%), being the long term expected yield for the Group's leased properties and are expected to be utilised over the terms of the leases, with approximately £5 0m expected to be utilised in the year to March 2012

Other provisions relate to third party property guarantees, for which the timing and quantum of payments is uncertain Payment could be made on demand and the provision represents management's current estimate of the future liability

NOTES TO THE GROUP FINANCIAL STATEMENTS
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20. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At start of period	1,494,038,480	14 9
Shares issued	29,246,101	0 3
Share options exercised	9,346,748	0 1
At end of period	1,532,631,329	15 3

The total authorised number of ordinary shares is 2,000,000,000 (2010 2,000,000,000) with a nominal value of £0 01 per share

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company

6,661,793 ordinary shares in the Company (representing 0 43% of total shares issued) are held in trust by the trustee of the Booker Employee Benefit Trust which was established in 2006 to hold shares on a discretionary basis for the benefit of employees of the Group from time to time There has been no movement in the number of shares held in the trust during the year

21 Share capital and reserves

For movements in share capital and reserves please refer to the Consolidated Statement of Changes in Equity

The merger reserve represents the capital adjustment required to reserves to effect the reverse acquisition

The share option reserve comprises the fair value of outstanding share options charged to the profit and loss account

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have yet to occur

22 Dividends

Dividends charged to reserves

	2011 £m	2010 £m
Final dividend of 1 03 pence per share (2010 0 67 pence per share) paid in respect of the prior period	**15 4**	10 0
Interim dividend of 0 27 pence per share (2010 0 24 pence per share) paid in respect of the current period	**4 1**	3 6
	19 5	13 6

The Directors are proposing a final dividend of 1 40 pence per share (2010 1 03 pence per share), which will absorb £21 5m of equity (distributable reserves) Subject to shareholder approval at the AGM, to be held on 6 July 2011, the dividend will be paid on 8 July 2011 to shareholders on the register at 3 June 2011 The shares will go ex-dividend on 1 June 2011

23 Share based payments

The Group has a number of share schemes for employees The total charge for the penod relatıng to employee share-based payments was £2 1m (2010 £1 4m), all of which related to equity-settled share based transactions

Dunng the penod the Group establıshed a new Performance Share Plan – PSP 2010

Optıons were granted to senior employees which will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award A quarter of the shares subject to each option will vest on reaching each of the share prices of 60p, 62 5p, 70p and 90p, in each case sustained over a consecutive 60 day period

In connection with his appointment to the board, Guy Farrant was granted a special performance share award (in the form of a nil-cost option) over 3 9 million shares in the Company ('the Option') The Option is in two parts one part relates to 2 1 million shares in Booker and the other part relates to 1 8 million shares A third of the 2 1 million shares will vest on reaching each of the share prices of 52p, 56p and 58p This part of the Option can be exercised in three annual instalments, assuming that the relevant share price target has been reached by the end of each year (otherwise, the Option can be exercised after three years to the extent that the targets have subsequently been reached by that time) A quarter of the 1 8 million shares will vest on reaching each of the share prices of 60p, 62 5p, 70p and 90p To the extent that these share price targets are met, this part of the Option can be exercised after three years For each part of the Option, each share price target has to be sustained over a consecutive 60 day period in order for the relevant part of the Option to vest

Awards under the PSP 2008 vest over a two to three year period, subject to continued employment and certain share price targets being met A quarter of the shares subject to each award will vest on reaching share prices of 28 75p, 30 5p, 34 5p and 46p over a consecutive 60 day period As at 25 March 2011, all four share price targets have been met with half of the shares vesting in July 2010 and the remaining half vesting in July 2011, subject to continued employment at the dates of vesting

The Save As You Earn Scheme ('SAYE') is an all employee scheme under which employees were offered the opportunity to save up to £250 per month over a three year period with a fixed purchase price of 18 68 pence per share

The fair value per option granted during the period and the assumptions used were as follows

	PSP 2010 (a)	PSP 2010 (b)	PSP 2008	SAYE 2008
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Black Scholes
Share price at grant date	53 75p	53 75p	23 75p	24 25p
Expected volatility	30%	30%	25%	25%
Expected life	3 years	1-3 years	2-3 years	3 years
Risk free rate	1 1%	1 1%	5 0%	4 9%
Expected dividend yield	2 4%	2 4%	2 5%	2 5%
Fair value at grant date	25 7p	25 7p	8 4p	7 4p

The Group also has one legacy share option scheme remaining which was granted by Blueheath Holdings plc and vested following the reverse takeover in June 2007

NOTES TO THE GROUP FINANCIAL STATEMENTS
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23 Share based payments continued

The terms and conditions of the various share based payments are as follows

		Grant date	Number (m)	Vesting conditions	Expiry date	Exercise price
PSP 2010 (a)	Option granted to senior employees	October 2010	11 3	3 year service	October 2020	nil
PSP 2010 (b)	Option granted to senior employee	October 2010	3 9	1-3 year service	October 2020	nil
PSP 2008	Option granted to senior employees	July 2008 - July 2009	27 1	2-3 year service	July 2018 - July 2019	nil
SAYE	SAYE to all staff	July 2008	21 4	3 year service	March 2012	18 68p
	Option granted to senior employees	May 2002 - December 2005	0 1	Vested	2012-2015	80 5p to 110 0p
			63 8			

The number and weighted average exercise price of options is as follows

	2011		2010	
	Number of share options Million	Weighted average exercise price Pence	Number of share options Million	Weighted average exercise price Pence
Outstanding at beginning of period	59 1	7 4	65 9	7 5
Granted	15 2	-	0 4	-
Forfeited	(1 2)	14 8	(1 9)	16 3
Exercised	(9 3)	0 4	(5 3)	5 1
Outstanding at end of period	63 8	6 5	59 1	7 4
Exercisable at end of period	8 1		0 1	

24 Acquisitions in the current period

a) Ritter-Courivaud Ltd

On 13 October 2010, the Group acquired the entire share capital of Ritter-Courivaud Ltd and its subsidiaries in a share-for-share transaction The consideration was £14 5m, reflecting the fair value of the 29 2m shares issued A fair value adjustment of £0 1m has been made to writedown the trade receivables

The profit and loss account of the Ritter Group can be summarised as follows

	36 weeks to 13 October 2010 £m	Year to 31 January 2010 £m
Turnover	23 4	27 9
Profit before tax	1 5	1 4

b) Classic Drinks

On 13 October 2010, the Group acquired the trading business and assets of Classic Drinks Limited The consideration was £3 7m of cash

The acquisitions had the following effect on the Group's assets and liabilities

	Ritter-Courivaud Ltd £m	Classic Drinks £m
Property, plant and equipment	1 4	0 4
Stocks	2 8	3 2
Trade and other receivables	5 4	-
Trade and other payables	(4 3)	-
Bank overdraft	(3 2)	-
Interest-bearing borrowings	(0 1)	(0 4)
Net fair value of identifiable assets and liabilities	2 0	3 2
Goodwill on acquisition (note 10)	12 0	0 5
Customer relationships (note 10)	0 5	-
Total consideration	14 5	3 7

The intangible assets have arisen as the acquisitions have provided access to a new customer base and a foothold in new areas of the wholesale market Accordingly, customer relationships and goodwill have been recognised on acquisition

Acquisition related costs have been expensed and included within administrative expenses, in accordance with IFRS 3 (revised) 'Business Combinations'

NOTES TO THE GROUP FINANCIAL STATEMENTS
continued

25. Operatıng leases

The Group leases a number of tradıng propertıes under operatıng leases The leases are typıcally of 5 to 20 years duratıon, although some have lessee only break clauses Lease payments are revıewed as contracted and ıncreases applıed accordıngly The Group also leased certaın ıtems of plant and equıpment

Operatıng lease payments represent rents payable by the Group for certaın of ıts wholesale, dıstrıbutıon and office propertıes and other assets such as motor vehıcles The leases have varyıng terms, escalatıon charges and renewal rıghts

At the balance sheet date, the Group had outstandıng commıtments for future mınımum lease payments under non-cancellable operatıng leases, whıch fall due are as follows

	Land and buildings		Others	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Within one year	**50 0**	48 0	**5 2**	3 6
Within two to five years	**189 1**	185 8	**6 9**	3 4
After five years	**377 1**	404 0	**–**	–
	616 2	637 8	**12 1**	7 0

The Group subleases varıous wholesale, dıstrıbutıon and office propertıes under non-cancellable operatıng leases The total mınımum operatıng sublease receıpts expected to be receıved are as follows

	2011 £m	2010 £m
Within one year	**1 9**	1 8
Within two to five years	**3 2**	3 2
After five years	**2 3**	2 3
	7 4	7 3

26 Capıtal commıtments

The outstandıng commıtments at 25 March 2011 ın respect of contracted capıtal expendıture not provıded for amounted to approxımately £2 5m (2010 £1 4m)

27 Related party transactıons

Only members of the Board are key management personnel It ıs the Board who have responsıbılıty for plannıng, dırectıng and controllıng the actıvıtıes of the Group Board compensatıon ıs dısclosed ın the Remuneratıon Report

Durıng the year, there were no materıal transactıons or balances between the Group and ıts key management personnel or members of theır close famıly

COMPANY BALANCE SHEET

As at 25 March 2011

	Note	25 March 2011 £m	26 March 2010 £m
Fixed assets			
Investments	3	**24 9**	22 8
Debtors	4	**116 2**	71 6
Creditors due within one year	5	**(41 7)**	(22 2)
Net current assets		**74 5**	49 4
Net assets		**99 4**	72 2
Capital and reserves			
Called-up share capital	6	**15 3**	14 9
Share premium account	8	**45 3**	31 0
Share option reserve	8	**4 1**	3 0
Profit and loss account	8	**34 7**	23 3
Shareholders' funds	9	**99 4**	72 2

These financial statements were approved by the Board of Directors on 18 May 2011 and were signed on its behalf by

Charles Wilson
Director

Jonathan Prentis
Director

Registered Number 05145685

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accountıng polıcıes

Basıs of preparatıon

The accounts have been prepared under the hıstorıcal cost conventıon ın accordance wıth applıcable Unıted Kıngdom Generally Accepted Accountıng Practıce ('UK GAAP') The followıng prıncıpal accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal ın relatıon to the fınancıal statements

The Company has taken advantage of the exemptıon contaıned ın sectıon 408 of the Companıes Act 2006 from presentıng ıts own profit and loss account

Guarantees

Where the Company enters ınto fınancıal guarantee contracts to guarantee the ındebtedness of other Companıes wıthın ıts Group, the company consıders these to be ınsurance arrangements and accounts for them as such In thıs respect, the Company treats the guarantee contract as a contıngent lıabılıty untıl such tıme as ıt becomes probable that the Company wıll be requıred to make a payment under the guarantee

Investments

Investments are stated at cost less any provısıon for ımpaırment ın value The carryıng values of ınvestments are revıewed for ımpaırment ıf events or changes ın cırcumstances ındıcate the carryıng values may not be recoverable

Share based payments

The Company has ıssued equıty settled share based payments to employees of a subsıdıary The faır value ıs measured usıng an optıon valuatıon model, takıng ınto account the terms and condıtıons upon whıch the optıons were granted Thıs faır value ıs accounted as an ınvestment ın the subsıdıary wıth a correspondıng ıncrease ın equıty

2. Profıt and loss account

In accordance wıth the exemptıon permıtted by sectıon 408 of the Companıes Act 2006, the profit and loss account of the Company ıs not presented separately The profıt recognısed for the 52 weeks ended 25 March 2011 was £29 9m (2010 profit £20 0m)

The audıt fee of £0 1m (2010 £0 1m) for the current and prıor perıod was borne by another group undertakıng wıthout recharge

3 Investments

	Shares ın subsıdıary undertakıngs £m	Capıtal contrıbutıon £m	Total £m
Cost and net book value			
At start of perıod	20 0	2 8	22 8
Capıtal contrıbutıon	–	2 1	2 1
At end of perıod	20 0	4 9	24 9

The capıtal contrıbutıon relates to the cost of grantıng share based payments to employees of subsıdıary undertakıngs – detaıls are shown ın note 23 of the Group fınancıal statements

The Company's prıncıpal subsıdıary undertakıngs at 25 March 2011, all of whıch are wholly owned and regıstered ın the Unıted Kıngdom are as follows

Name of company	*Prıncıpal actıvıtıes*
Booker Lımıted	Wholesaler
Booker Dırect Lımıted	Wholesaler
Gıant Topco Lımıted*	Intermedıate holdıng company
Rıtter-Courıvaud Lımıted	Wholesaler

* Dırect subsıdıary of Booker Group plc

Full detaıls of all Group subsıdıary undertakıngs are ıncluded ın the Company's annual return filed wıth Companıes House

4 Debtors

	2011 £m	2010 £m
Amounts owed by Group undertakings	**116 2**	71 6

Amounts owed by Group undertakings are interest free, unsecured and payable on demand

5 Creditors due within one year

	2011 £m	2010 £m
Amounts owed to Group undertakings	**41 7**	22 2

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

6 Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At start of period	1,494,038,480	14 9
Shares issued	29,246,101	0 3
Share options exercised	9,346,748	0 1
At end of period	1,532,631,329	15 3

The total authorised number of ordinary shares is 2,000,000,000 (2010 2,000,000,000) with a nominal value of £0 01 per share

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company

7 Share options

The Company has a number of share schemes for employees of the Group, details are shown in note 23 of the Group financial statements

8 Reserves

	Share capital £m	Share premium account £m	Share option reserve £m	Profit and loss account £m	Total £m
At start of period	14 9	31 0	3 0	23 3	72 2
Retained profit for the period	–	–	–	29 9	29 9
Dividend	–	–	–	(19 5)	(19 5)
Capital contribution	–	–	2 1	–	2 1
Shares issued	0 3	14 2	–	–	14 5
Share options exercised	0 1	0 1	(1 0)	1 0	0 2
At end of period	15 3	45 3	4 1	34 7	99 4

NOTES TO THE COMPANY FINANCIAL STATEMENTS
continued

8. Reserves continued

Dividends charged to reserves

	2011 £m	2010 £m
Final dividend of 1 03 pence per share (2010 0 67 pence per share) paid in respect of the prior period	15 4	10 0
Interim dividend of 0 27 pence per share (2010 0 24 pence per share) paid in respect of the current period	4 1	3 6
	19 5	13 6

The Directors are proposing a final dividend of 1 40 pence per share (2010 1 03 pence per share), which will absorb £21 5m of equity (distributable reserves) Subject to shareholder approval at the AGM, to be held on 6 July 2011, the dividend will be paid on 8 July 2011 to shareholders on the register at 3 June 2011 The shares will go ex-dividend on 1 June 2011

9 Reconciliation of movement in shareholders' funds

	2011 £m	2010 £m
Profit for the period	**29 9**	20 0
Dividend	**(19 5)**	(13 6)
Capital contribution	**2 1**	1 4
Shares issued	**14 5**	–
Share options exercised	**0 2**	0 2
Shareholders' funds at the start of the period	**72 2**	64 2
Shareholders' funds at the end of the period	**99 4**	72 2

10. Related party transactions

The Company has taken advantage of the exemption under FRS 8 'Related Party Transactions' not to provide details of related party transactions with other wholly owned Group companies, as the Company financial statements are presented together with the consolidated Group financial statements

11 Contingent liabilities

The Company has cross guaranteed the borrowings of other subsidiaries in the Group which at the period end amounted to £nil (2010 £21 1m)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in respect of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period In preparing each of the Group and parent Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Charles Wilson
Director

Jonathan Prentis
Director

18 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKER GROUP PLC

We have audited the financial statements of Booker Group Plc for the period ended 25 March 2011 set out on pages 30 to 62 The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 63, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's ('APB's') Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the (APB's) website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 25 March 2011 and of the Group's profit for the 52 weeks then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006,
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 29, in relation to going concern,
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration

Nicola Quayle

Nicola Quayle
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

St James' Square
Manchester
M2 6DS

18 May 2011

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Richard Rose
Non-Executive Chairman

Charles Wilson
Chief Executive

Jonathan Prentis
Group Finance Director

Mark Aylwin
Executive Director

Guy Farrant
Executive Director

Bryn Satherley
Executive Director

Lord Karan Bilimoria
Non-Executive Director

Andrew Cripps
Non-Executive Director

Stewart Gilliland
Non-Executive Director

Karen Jones
Non-Executive Director

Company Secretary
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