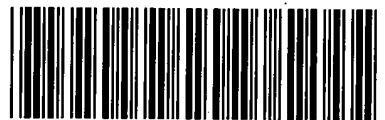


BOOKER

DRIVING AND BROADENING THE BUSINESS

BOOKER GROUP PLC
ANNUAL REPORT & ACCOUNTS 2016

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BOOKER

Booker Group is the UK's leading food wholesaler.

Together we seek to provide caterers, retailers and small businesses with the best choice, price and service.

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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 £5.0bn, +5.0%. Non tobacco sales +6.3% and tobacco sales +2.2%
- Booker like-for-like total sales -1.9%. Non tobacco sales -0.3% and tobacco sales -5.2%
- Like-for-like sales to caterers +0.6% including Classic (+1.9% excluding Classic); and to retailers -2.2%
- Operating profit (before exceptionals) £155.1m, +11%
- Profit after tax (post exceptionals) £127.8m, +9%
- Basic earnings per share up 0.51 pence to 7.24 pence
- Net cash £127.4m (2015: £147.0m)
- Final dividend of 4.03 pence per share, taking the total dividend to 4.60 pence per share (2015: 3.66 pence per share)
- Proposed return of capital of 3.20 pence per share (2015: 3.50 pence per share)
- Total return to shareholders of 7.80 pence per share (2015: 7.16 pence per share), +9%

Operational Highlights

- Our plan to Focus, Drive and Broaden Booker Group continues to make progress
- Customer satisfaction was strong as we continue to improve choice, price and service for our customers
- We made good progress on the catering and retail sides of the business
- Booker Direct, Ritter-Courivaud and Chef Direct had a good year
- Premier and Family Shopper continued to grow
- Budgens and Londis have joined the Group and are working well
- India is on track
- Internet sales up 12% to £979m (excluding Budgens & Londis)

Return of Capital

In July 2012 Booker Group plc issued £124m of shareholder equity to acquire Makro in the UK. Following the successful integration of Makro into the Group and a period of strong cash generation, the Board implemented a capital return to shareholders of 3.50 pence per ordinary share in each of July 2014 and July 2015 at a cost of approximately £61m pa. Given the continued successful development of the Group, the Board is proposing a third capital return to shareholders of 3.20 pence per ordinary share (at a cost of approximately £57m, based on the current issued share capital of the Group). It is again proposed that this is achieved by the issue of a new class of 'B' shares which shareholders will be able to redeem for cash. The return of capital requires the approval of shareholders, which will be sought at the Annual General Meeting on 6 July 2016. Further details of the proposed return of capital will be set out in a circular to shareholders which will accompany the notice convening this year's Annual General Meeting.

We currently anticipate returning a similar amount to shareholders in July 2017 and will provide an update on this at the 2017 Final Results announcement in May 2017 in light of circumstances prevailing at that time.

BUSINESS PROFILE AND KEY PERFORMANCE INDICATORS

In the UK, the Group has 200 Business Centres and a national delivery network.

52 Weeks	Customer Numbers 000's ¹	Sales ² £bn 2012	Sales £bn 2013	Sales ³ £bn 2014	Sales £bn 2015	Sales ⁶ £bn 2016
Caterers	450	1.22	1.28	1.59	1.62	1.62
Retailers	120	2.56	2.62	2.69	2.76	3.05
SME/Others	707	0.08	0.09	0.40	0.37	0.32
Total	1,277	3.86	3.99	4.68	4.75	4.99

Of our sales, £3.43bn is non-tobacco and £1.56bn is tobacco.

52 Weeks	Sales ² £bn 2012	Sales £bn 2013	Sales ³ £bn 2014	Sales £bn 2015	Sales ⁶ £bn 2016
Non-tobacco	2.39	2.50	3.17	3.23	3.43
Tobacco	1.47	1.49	1.51	1.52	1.56
Total	3.86	3.99	4.68	4.75	4.99

£3.17bn of our sales are collected from the Business Centres by the customer. £1.82bn is delivered to the customers' premises.

52 Weeks	Sales ² £bn 2012	Sales £bn 2013	Sales ³ £bn 2014	Sales £bn 2015	Sales ⁶ £bn 2016
Collected from Business Centres/stores	2.81	2.84	3.41	3.36	3.17
Delivered to customers' premises	1.05	1.15	1.27	1.39	1.82
Total	3.86	3.99	4.68	4.75	4.99

Substantial progress has been achieved.

		2012 ²	2013 ⁴	2014 ³	2015	2016 ⁶
Sales Change (52 Weeks)	%	+7.3	+3.5	+17.3	+1.5	+5.0
Booker Customer Satisfaction	%	83.6	84.4	85.4	85.6	85.6
Operating Profit (52 Weeks) ⁵	£m	88.6	97.9	120.4	140.3	155.1
Net Cash	£m	63.4	77.2	149.6	147.0	127.4

¹ Includes approximately 1,252,000 wholesale customers (including Makro and Classic, 21,000 of Booker India, 3,000 of Ritter-Courivaud and 2,000 Budgens & Londis)

² 2012 was a 53 week statutory reporting period

³ Includes Makro from 19 April 2013 (49 weeks)

⁴ Operating profit restated for the revision to IAS19 (Revised) in relation to pension accounting

⁵ Operating profit is stated before exceptional items

⁶ Includes Budgens & Londis from 14 September 2015 (28 weeks)

CHAIRMAN'S STATEMENT

**"I am pleased to report that
Booker Group has delivered
another good performance."**

I am pleased to report that Booker Group has delivered another good performance. In the 52 weeks to 25 March 2016 sales rose by 5.0% to £5.0bn and operating profit (before exceptional items) of £155.1m was up 11%. Customer satisfaction was strong. The financial performance was good and the Group ended the financial year with net cash of £127.4m. Our 'Drive' plans are working well with progress on the catering and retail sides of the business. Our like-for-like sales to caterers were +0.6% including Classic (our on-trade supply business) and +1.9% excluding Classic. Our like-for-like sales to retailers declined by 2.2% primarily due to the effects of the ban on small stores displaying tobacco products.

The plans to 'Broaden' the business are going well. In the 52 weeks to 25 March 2016 Booker distributed £1.8bn of product to our customers' premises versus £1.4bn last year as we continue to expand our delivered service. Digital sales were £979m compared to £874m in the previous year and Booker India is making progress.

On 14 September 2015, Budgens and Londis joined the Group. They have fitted in well and will help us improve choice, prices and service to all our retail customers.

Basic earnings per share were 7.24 pence, up from 6.73 pence last year. Given the strong operational

performance and cash flow of the business the Board recommends the payment of a final dividend of 4.03 pence per share (2015: 3.14 pence per share) which, together with the interim dividend, makes a total dividend for the year of 4.60 pence per share (2015: 3.66 pence per share). The final dividend is payable on 8 July 2016 to shareholders on the register on 10 June 2016.

In addition to the final dividend, the Board is recommending a capital return to shareholders of 3.20 pence per ordinary share (at a cost of approximately £57m, based on the current issued share capital of the Group). This follows the capital return of 3.50 pence per share to shareholders in each of July 2014 and July 2015. We currently anticipate returning a similar amount to shareholders in July 2017.

During the year, Richard Rose stepped down as Chairman. I would like to thank him for the contribution he made to the Group in his nine years as Chairman. Bryn Satherley also stepped down from the Board. In the past ten years Bryn has been responsible for Property, IT, Supply Chain and Distribution and has made a great contribution to Booker. In December Gary Hughes joined the Board and will succeed Andrew Cripps as Chairman of the Audit Committee after this year's Interim Results in October 2016.

I should like to thank all our colleagues for their contribution to the success of the Group in the year just ended.

Outlook

The Group's trading in the first seven weeks of the current financial year is ahead of last year. However, we anticipate that the challenging consumer and market environment will persist through the coming year and the UK's food market remains very competitive.

Whilst there is increasing price competition in the UK grocery and discount sectors, we will continue to deliver our plans to offer our customers even better choice, prices and service supported by the continued delivery of our efficiency programmes. We are on track to deliver an outcome for the new financial year in line with our plans and to make progress in this challenging environment.

Annual General Meeting

Our Annual General Meeting will be held on 6 July 2016. The notice of Annual General Meeting and a circular setting out further details of the proposed return of capital, which itself requires shareholder approval, will be issued to shareholders in due course.



Stewart Gilliland
Chairman

CHIEF EXECUTIVE'S REVIEW

“Thanks to the hard work of everybody in the Group, our plan to Focus, Drive and Broaden the business remains on track. Booker Group had a good year; customer satisfaction was strong, sales and profits were the best we’ve ever achieved.”

Since November 2005 Booker Group has been seeking to 'Focus, Drive and Broaden' the business. 2015 was a challenging year. In April 2015 the display of tobacco products was banned in small shops in the UK. This depressed our retail customer sales. Continued price deflation depressed top line sales growth and we suffered the worst Summer weather in recent years. Despite these challenges the Group continued to make good progress on both the catering and retail sides of the business.

FOCUS (commenced November 2005)

Booker seeks to become the most efficient operator in our sector. We continue to improve business efficiency. We 'stop, simplify and standardise' work and invest most of the resulting savings in customer service. During the year we bedded down the new organisation structure. We rolled out our new fleet of vehicles, we extended the use of 'self-scan' and overhauled

stock management. Our close attention to cash has resulted in having £127m of net cash, whilst keeping the Group cost base in line with last year (pre Budgens and Londis).

DRIVE (commenced March 2006)

Thanks to the hard work of Guy Farrant and the team, Booker Wholesale/Makro, our cash and carry businesses had a good year. It served 1,252,000 customers this year. We continue to 'Drive' choice, price and service for our customers. Each year we survey 45,000 customers to identify where improvements can be made. Customer satisfaction is a key measure within the business and we have made significant progress since 2006.

Booker and Makro now have a common business centre operating structure reporting to Andrew Muldoon. This enables the Group to move business from one location to another to improve operational efficiency, health safe and legal objectives and customer satisfaction. For example, five hundred

Premier retailers are now delivered from Makro business centres rather than Booker.

Choice Up

- Booker seeks to grow brand and own brand sales.
- In 2010 we launched Farm Fresh. Sales in the year to 25 March 2016 were £65m. This is despite considerable deflation in the fresh markets. The quality and freshness of the produce is second to none and can be delivered to our customers within 48 hours of being harvested.
- We launched CleanPro in 2014. This range of professional cleaning products has been well received by customers. We have 50,000 customers buying CleanPro each week with sales of £42m per annum.
- We continue to improve the 'good, better, best' of the offer in order to satisfy all customers, for example, our new frozen bread range meets all needs.

Prices Down

- We operate in a very price competitive market. Every week we monitor prices versus competitors and during the year our price index remained competitive. We are continuing to keep our core line prices at market leading levels to provide the best possible margin for our customers. During the year we saw significant price deflation, particularly in the catering sector. Booker has consistently offered low prices on these core products and maintains its promise of helping the customer during challenging times.

Better Service

- Our people are doing an excellent job. Our customers rate Booker people highly. Business Centre teams across the Group have been trained in PRIDE to help improve the Parking, Reception, Internal, Delivery and Exit experience.
- We have continued to expand and improve our delivery service.

- We have more specialist butchers and greengrocers within the business than last year. We also have skilled fishmongers operating in our Makro Business Centres.

Business Centre Delivery

- Booker offers a seven days a week multi-temperature delivery service to both retail and catering customers (70% of the fleet has multi temperature capacity). All of our delivery customers pay the same price for goods as our collect customers. Our delivery business continues to grow (from £600m in 2008/9 to £1.8bn in 2015/16).
- During the year we completed the roll out of our new fleet comprising 550 vehicles of 3 types. As a result of this, as well as through separating our Business Centres into small, medium and large, Booker and Makro has increased Business Centre delivery capacity.

Categories

- Our catering, small business and retail customers are served by our trading teams. These are led by; Dominic Morrey, Fresh and Ritter, Steve Roper, Drinks and Classic, Colm Johnson our Impulse categories, Mark Dineen Catering and Adrian McKeon for the Budgens and Londis businesses. Together with their teams, they report into Andrew Thompson and Guy Farrant. We really value the support from, and our relationships with, our suppliers and strive to become their preferred route to market in the UK.

Caterers/Small Business

- In the past two years we have restructured the Group, so that all our catering and small business customers are coordinated by Stuart Hyslop and his team. Consequently, Independents, Group Accounts and National Chains can draw upon the Booker, Makro, Classic and Chef Direct infrastructures.

CHIEF EXECUTIVE'S REVIEW CONTINUED

This has helped strengthen caterer satisfaction and grown like-for-like catering sales by 0.6% including Classic, and by 1.9% excluding Classic. This is despite continued price deflation in the catering market. Classic is our on trade wholesale business. During the year we made the decision to concentrate our teams on improving our beer, wine and spirits offer in Booker and Makro and exited some unprofitable keg and on-trade business.

- We have also made good progress with Group Accounts, such as Cosmo and Enterprise Inns, where we serve these accounts from Booker and Makro.
- Our Chef Direct business, which serves national accounts from our distribution centre in Didcot has also had a good year serving clients including Byron Burgers, Ed's Easy Diner and Wagamama.

Retailers

- All our retail customers, be they Premier, Londis, Budgens, Family Shopper, retail club members, unaffiliated independents or retail national accounts are coordinated by Steve Fox and his team.

Premier

- Premier, Booker's symbol group, grew to 3,213 stores (3,082 stores last year). Non-tobacco sales to these customers grew by 10%. The retail development team has put a lot of work into both compliance and building the sales and profits of existing Premier stores.
- Premier still remains unique by operating a no cost model for members, and has the advantage for

retailers of providing deliveries and also the ability to top-up at their local Booker branch. We install the fascia and imagery free of charge and also provide a market leading promotion every four weeks. All goods are delivered at cash and carry prices.

Family Shopper

- We continue to develop Family Shopper, a local discount format. This is doing well. At May 2016, we have 42 stores and, although still early days, the response to this format has been encouraging.

Budgens & Londis

- On 14 September 2015 Budgens and Londis joined the Group. Budgens serves 150 retailers. The Budgens consumer is typically ABC1. Londis serves 1,469 retailers with approximately 49% of consumers being ABC1. Since completion of the acquisition, the teams at Budgens and Londis have fitted into the Group with ease and have embraced the Group approach to cash, customer satisfaction and health and safety. Since joining the Group they have generated £13m of cash and customer satisfaction has been good.

Booker Direct

- Booker Direct serves national retail chains from our distribution centres with customers including Marks & Spencer, most of the cinema chains in the UK and the prison service in England and Wales. Together the Group can now serve any independent retailer, Group Accounts and National Chains throughout the UK.

BROADEN (commenced April 2007)

In the UK, Booker seeks to offer the best choice, price and service to caterers, retailers and small business. We also seek to become the suppliers' preferred route to market. In addition, we 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:

Digital

- Sales at booker.co.uk were £979m, up from £874m last year and £15m in 2005. All these sales are delivered to our customers' premises. We have 490,000 customers registered on the website compared to 408,000 last year. Customers can view their account details and order products. We have also doubled the number of stock keeping units available to a typical customer on the website through our special order system.

Ritter-Courivaud

- Ritter-Courivaud is a speciality foods supplier to the UK's leading restaurants. Ritter had a good year growing sales via the Makro business centres and direct to customers.

Booker India

- In September 2009 we opened our first business centre in Mumbai. We now have four branches in Mumbai, one in Surat and one joint venture branch in Pune. These serve 21,000 customers, and have also launched 200 Happy Shopper symbol retailers which harness the lessons learned from Premier in the UK for the Kirana stores of Mumbai. We continue

to review growth options in India and look forward to developing the Booker offer to become the best choice, price and service supplier to Kirana stores and caterers.

Sustainability

- Booker achieved a fourth consecutive Carbon Trust Standard in the past year, verifying eight years of emissions reductions. In addition we have gained a second Carbon Trust Waste Standard, covering four years of improved waste management.
- Over 25,500 customers are now recycling with the Group through our packaging and used cooking oil recycling services. This helps our customers save money, increase recycling levels and support more sustainable communities throughout the UK.
- We are rolling out LED lighting to the majority of Business Centres over the next 3 years.
- Over 6.7 million litres of used cooking oil has been recycled, up 72% on last year.
- We donated surplus food equivalent to over half a million meals to local charities in the last year.
- We supported customers who were disrupted by the floods through providing stock and financial assistance.
- We are committed to helping our retail and catering customers serve communities throughout the United Kingdom.

People

- Again our team have done a brilliant job this year. We are committed to continuing to make Booker better and safer for colleagues. We are also developing talent. For example,

there is a shortage of butchers in the trade, so we have developed a formal 'butchery apprenticeship' with 44 new butchers graduating in the past year. We developed similar schemes for greengrocers with 36 colleagues graduating and fishmongers with 2 colleagues graduating. There are currently 146 colleagues participating in this year's schemes who are due to graduate in September 2016 and we intend to run all three schemes again in 2017/18. We are also currently working with The Institute of Meat to raise the skill level of our Butchery teams further, and to date three butchers have been awarded the prestigious Master Butcher title. This is part of a longer term plan to up-skill and develop our future Butchery Managers who will go through a Craft Butcher training programme with accreditation.

- Investment in our delivery teams has continued to make progress:
 - Our drivers and managers have annual refresher courses of Safe, Secure and Legal training and our vocational drivers complete training for the Certificate of Professional Competence (CPC), which is run by our team of in-house trainers and delivery support managers.
 - We also run a driver apprenticeship scheme, open to internal and external drivers who wish to develop their career with Booker as well as annual training days for managers, to support them by improving their day to day operation to increase customer satisfaction and continue helping us to drive cash profit.
- For the eleventh year running, the performance of the business means our people have shared in our success through our bonus system.

With this great team of people, Booker will continue to make progress in the year ahead.

- During the year Bryn Satherley retired as Group Operations Director. Bryn has served Booker for the past 10 years and we are very grateful for the contribution he has made, he remains a good friend of the Group and we wish him all the best for the future.

Thanks to the hard work of everybody in the Group, our plan to Focus, Drive and Broaden the business remains on track. Booker Group had a good year; customer satisfaction was strong, sales and profits were the best we have ever achieved. We made good progress on the integration of Budgens and Londis. We are very grateful for the support of our customers, suppliers and people and look forward to making progress in the year ahead.



Charles Wilson
Chief Executive

GROUP FINANCE DIRECTOR'S REPORT

“Group revenue increased by 5% to £5bn and operating profit (before exceptional items) improved by £14.8m to £155.1m”

Financial Review

The summary of results for the Group is as follows:

	2016 £m	2015 £m	Change %
Revenue	4,991.5	4,753.0	+ 5
Operating profit (before exceptional items)	155.1	140.3	+ 11
Operating profit (after exceptional items)	152.8	140.3	+9
Profit before tax	150.8	138.8	+ 9
Profit after tax	127.8	117.7	+9
Basic earnings per share (pence)	7.24	6.73	+ 8

Overall Group revenue increased by 5.0% to £5.0bn. Non tobacco like-for-like sales decreased by 0.3% while like-for-like tobacco sales decreased by 5.2%.

Operating margin increased by 0.16 percentage points to 3.11% (2015: 2.95%), increasing Group operating profit (before exceptional items) by £14.8m to £155.1m.

In the current year a net exceptional charge of £2.3m was taken to the income statement. This relates to fees incurred in relation to the acquisition of Budgens and Londis (£2.3m charge), restructuring costs (£4.0m charge) and adjustments to other provisions (£4.0m credit). There were no exceptional items in the prior year.

The net finance costs of £2.0m (2015: £1.5m) relates mainly to the unwind of the discounting of property provisions.

Profit before tax rose £12.0m to £150.8m (2015: £138.8m), an increase of 9%.

The effective tax rate for the Group of 15.3% (2015: 15.2%) was below the standard rate of corporation tax in the UK of 20% (2015: 21%). This was due principally to the utilisation of ACT and

partial recognition of tax losses from prior years. The Group holds significant tax assets (c.£48m cash benefit), notably those inherited as a result of the acquisition of Budgens and Londis in addition to ACT and Makro tax losses, which continue to be unrecognised as the quantum and timing of their utilisation remains uncertain. If the Group is able to utilise these assets, this could result in the underlying effective rate of tax remaining below the standard rate for the next three years.

Profit after tax was £127.8m, an increase of £10.1m compared to 2015.

Basic earnings per share rose to 7.24p, up 8% from 6.73p in 2015.

Returns to shareholders

a) Dividend

The Board is recommending a final dividend of 4.03 pence per share (2015: 3.14 pence per share), subject to shareholder approval at the Annual General Meeting, to be held on 6 July 2016. The final dividend increases the total dividend for the year to 4.60 pence per share (2015: 3.66 pence per share).

b) Return of Capital

Given the continued successful development of the Group, the Board is proposing a capital return to shareholders of 3.20 pence per ordinary share. It is proposed that this is achieved by the issue of a new class of 'B' shares which shareholders will be able to redeem for cash. The return of capital requires the approval of shareholders, which will be sought at the Annual General Meeting on 6 July 2016. Further details of the proposed return of capital will be set out in a circular to shareholders which will accompany the notice convening this year's Annual General Meeting.

This will produce a total return to shareholders of 7.80 pence (2015: 7.16 pence), an increase of 9%.

Budgens and Londis

On 14 September 2015, Musgrave Retail Partners GB Ltd and its subsidiaries were acquired for £40m on a cash/debt free basis with a normalised working capital level. It subsequently changed its name to Booker Retail Partners (GB) Ltd ('BRP').

Following the fair valuing of the assets and liabilities, £28.1m of goodwill remained.

Pensions

The Booker Pension Scheme is a defined benefit scheme that was closed to new members in 2001, and was closed to future accruals for existing members in 2002. BRP also has two much smaller closed defined benefit schemes.

At 25 March 2016, the Group had an aggregate net IAS 19 deficit of £29.6m (2015: £19.7m), comprising scheme assets of £685.2m and estimated liabilities of £714.8m.

Following the 2013 Booker Triennial valuation, there were no cash contributions required. The next Triennial valuation date is 31 March 2016, and any contributions to the scheme arising therefrom would be effective from April 2017.

BRP pension contributions were £0.8m since the date of acquisition. Both schemes finalised funding valuations during the year and agreed no further contributions.

Property Provisions

The Group had property provisions at the balance sheet date of £40.8m (2015: £25.4m). The majority of the net movement has come as a result of the acquisition of Budgens and Londis, where £19.1m of provisions were held on 25 March 2016.

Impairment

The net book value of tangible and intangible fixed assets on the balance sheet is £697m (2015: £647m). The goodwill carrying value is more than supported by expected future cash flows discounted back to present day values.

Cash Flow

Management has continued to focus on cash resulting in a net inflow of £147.5m, before dividend payments in the year of £65.2m, the capital repayment of £61.9m and the acquisition of Budgens and Londis for £40m. Net cash at 25 March 2016 was £127.4m (2015: £147.0m).

Borrowing Facilities

The Group entered into a new five year facility in August 2015 comprising an unsecured £120.0m revolving credit facility.

The Group's borrowings are subject to covenants set by the lenders. 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 Fixed Charge Cover, measured by the ratio of EBITDAR (earnings before interest, tax, exceptional items, depreciation, amortisation and rent) to interest plus rent (tested half yearly on a rolling basis) being greater than 1.5, and Leverage, measured by the ratio of net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) (tested half yearly on a rolling basis) being less than 3.0.

The Group complied with its covenants throughout the year. At 25 March 2016 the Group achieved a Fixed Charge Cover of 4.3 and Leverage of nil, comfortably exceeding its covenant obligations. 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

Funds drawn on the revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 0.80%, where the ratio of net debt/ EBITDA is less than one. A commitment fee is payable at 0.28% of the unutilised facility.

Liquidity

At 25 March 2016, the Group held £127.4m in cash and cash equivalents and had undrawn facilities of £120.0m. The peak level of draw down on the revolving credit facility in the year to 25 March 2016 was £13m, giving a minimum facility headroom in the year of £107m.


Jonathan Prentis
Group Finance Director

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Group recognises that it has social and environmental responsibilities arising from its operations and is committed to responsible business practices. These improve the welfare of colleagues and the communities in which we operate, and reduce our impact on the environment.

Colleagues

It is the Group's policy to involve colleagues 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 regularly in an open manner and, where appropriate, colleagues' views are taken into account. This is achieved through the use of business briefings and other less formal communication.

The Directors encourage colleagues to become shareholders in order to promote active participation in, and commitment to, the Group's success. This policy has been extended to all colleagues through the provision of a SAYE share scheme.

As at 25 March 2016, the following number of colleagues were contributing to the following schemes:

- 3,403 colleagues – 2015 SAYE scheme;
- 2,611 colleagues – 2014 SAYE scheme; and,
- 2,456 colleagues – 2013 SAYE scheme.

Booker is an inclusive organisation where no-one receives less favourable treatment on the grounds of gender, nationality, marital status, colour, race, ethnic origin, creed, sexual orientation or disability. The promotion of equal opportunities for all employees is regarded as an important Group priority.

An analysis of Directors, senior managers and other employees by gender as at 25 March 2016 is as follows:

	Male Number	Female Number
Directors	8	2
Senior managers	59	7
Other employees	9,464	4,100

The Group has a balanced workforce in terms of experience, with an average age of 40.57 (2015: 39.8).

Community

The Group believes that good community relations are important to the long term development and sustainability of the operating businesses. The Group aims to build sustainable relationships with its customers, who are mainly independent businesses at the heart of their communities, by improving the choice, price and service of products and services supplied.

Each business centre, distribution centre and support centre has a nominated local charity. For the year ended 25 March 2016, colleagues raised £65,473 for these charities.

The Group also donates surplus food to local homeless charities from Booker Business Centres and distribution centres. In the year, the equivalent of over half a million meals were donated to charities across the UK, with an additional 14 tonnes of food donated to animal charities.

Human Rights

The Group is committed to the upholding and respect of human rights. We expect our suppliers to operate in a fair and honest way towards their employees and those with whom they do business.

Environment

Resource Efficiency

Booker recognises its obligation to consider carefully its use of natural resources. We are taking steps to reduce our impact on the environment, both in our store operations and in our supply chain.

Using energy efficiently, minimising our emissions to air and monitoring our energy consumption are key components of our environmental work. Examples of initiatives this year are:

- LED lighting has been installed on six sales floors, saving an average of 24% electricity per year, and roll out is planned across the remainder of the estate over the next three years.
- By changing waste disposal to more environmentally friendly methods, waste to landfill is down 54% versus last year.

- We are committed to reducing business miles through the use of video conferencing being rolled out across the business. Initial assessments show substantial savings on miles and management time.

During the year, our absolute use of energy was 235 GWh compared with 250 GWh in the prior year, a 6% reduction, despite 6GWh additional energy requirements from the acquisition of BRP.

Greenhouse Gas Emissions

For the third year, we report on the greenhouse gas (GHG) emissions for which we are responsible in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The statement below summarises the Group's GHG emissions from fuel consumption and the operation of the Group's facilities for the year ended 25 March 2016 and the prior year.

GHG Emissions Data

	Tonnes CO ₂ e FY15	Tonnes CO ₂ e FY16	Variance Tonnes	Variance %
Scope 1				
Gas Consumption	12,352	10,714	-1,638	-13
Diesel From Leased Vehicles	38,995	46,770	7,775	20
Petrol From Leased Vehicles	–	1,666	1,666	–
Fugitive Emissions – Refrigerant Gas	17,021	27,342	10,321	61
Total Scope 1	68,368	86,492	18,124	27
Scope 2				
Purchased Electricity Generation	90,584	81,659	-8,925	-10
Total Scope 2	90,584	81,659	-8,925	-10
Significant Scope 3				
Electricity Transmission and Distribution	7,921	6,742	-1,179	-15
Waste Disposal	1,371	1,032	-339	-25
Total Scope 3	9,292	7,774	-1,518	-16
Out of Scopes	940	1,619	679	72
Total Gross Emissions	169,184	177,544	8,360	5
Intensity Measure	35.77	35.51	-0.26	-1

Notes:

- The Group has reported on all material emission sources for which it deems itself to be responsible, and the emissions data is reported using an operational control approach to define our organisational boundary;
- The methodologies and definitions used to derive the table above are based on the UK Government Environmental Reporting Guidance 2013 using the GHG Protocol and DEFRA GHG Conversion Factors 2015 which expires in May 2016;
- Data collected for the Government Carbon Reduction Commitment Energy Efficiency Scheme ('CRC scheme') has been used to report energy consumption data for Ritter & Classic. The CRC scheme is a mandatory reporting and pricing framework to improve energy efficiency in large public and private organisations;
- The intensity measure selected is tonnes CO₂e per £m of sales;
- In respect of India, we have undertaken a materiality assessment and consider that the related emissions are not material. Emissions from these operations are, therefore, excluded from our reported emissions;
- CO₂e is the CO₂ equivalent; and,
- 20% of the increase in refrigerant gas emissions is due to a change to the DEFRA carbon equivalent conversion factor.

Whilst our total Scope 1, 2 and 3 GHG emissions have shown an increase of 8,360 tonnes, primarily due to the acquisition of BRP, our like-for-like footprint shows a reduction of 4,434 tonnes or -3%.

CORPORATE SOCIAL RESPONSIBILITY REPORT CONTINUED

The Carbon Trust Standard is a voluntary certification and mark of excellence that enables organisations to demonstrate their success in cutting their carbon footprint. The Standard can be achieved for Energy, Waste and Water. The Standard is awarded for a two year period, with Booker obtaining a fourth consecutive Carbon Trust Standard and second Carbon Trust Waste Standard in 2015. This accreditation externally verifies eight years of absolute carbon footprint emission reductions and four years of improved waste management. Booker Group is the only wholesaler to have held the Standard for that length of time. The award demonstrates Booker's long term commitment to successfully measuring, managing and reducing its carbon footprint.

Preventing Waste

Company Waste Prevention and Recycling

We continue to work to prevent waste, redistribute fit for purpose food, increase recycling and divert waste away from landfill. We use the Government's 'waste hierarchy' which sets out five steps for dealing with waste ranked by their environmental impact, to ensure all waste is dealt with in the most environmentally positive way. Each store and distribution centre participates in recycling paper, plastic, cardboard, metal and wood from pallets. We have invested across the estate in balers, instigated waste league tables and continually focus on improvements. During the year we increased the volume of waste recycled and sent to recovery processes by 11% and reduced waste to landfill by 54%.

Business to Business Engagement

In addition to our own achievements, we believe that working on sustainability initiatives with independent businesses in local communities can deliver further improvements in sustainability.

Customer Packaging Recycling

In April 2012 our packaging recycling service was launched, and now over 14,000 customers are regularly using the service. Volumes of cardboard recycled in the year ended 25 March 2016 are up over 12% on last year at over 16,000 tonnes.

Customer Used Cooking Oil Recycling

Customers can arrange a collection of used cooking oil from their premises. The Group operates a simple rebate scheme of 20p per litre of waste oil recycled. Approximately 12,500 customers are using the service and over 6.7 million litres of waste oil have been recycled into sustainable bio fuels in the year ended 25 March 2016, up 72% on last year.

Customer Energy Efficient Lighting Conversion

This is a new service available to customers, which supports customers in changing to more energy efficient lighting. Initial reports from retail customers show a pay back on investment in under 12 months.

Packaging Improvements

As a wholesaler of packaged goods, our primary objective is to ensure that our products are safe to eat and reach consumers in optimal condition. Packaging plays a critical role in achieving this and we review at every opportunity how we can use fewer materials. This includes improving packaging to protect stock from damage, thereby reducing food waste, and reducing the weight of the packaging. This year, packaging changes on own label products have saved 133 tonnes of packaging material. Changes include moving Happy Shopper vinegar from glass to plastic bottles, reduction of the tin weight of Chefs Larder fruit and vegetables, and removing the card tray from the outer case on own label juices.

Ethical Sourcing

A number of the ingredients in our own label products are grown in developing countries. We seek to understand, manage and mitigate any issues associated with a particular commodity or country.

We use the Fairtrade and Red Tractor Farm Assurance schemes and all prospective own brand suppliers are required to complete a sustainability and ethics questionnaire. Examples of our approach are described below.

Red Tractor Farm Assurance

Red Tractor is a UK food assurance scheme which covers production standards on safety, hygiene, animal welfare and the environment. The Red Tractor logo on packs means food or drink has met these responsible production standards and is fully traceable back to independently inspected farms in the UK. Red Tractor certifies that food has been produced to independently inspected standards right across the food chain – from farm to pack. At 25 March 2016, the Group had 138 own label products displaying the Red Tractor logo across its retail and catering ranges and continues to work to widen the products covered by this standard.

Fairtrade

The objective of Fairtrade is to achieve better selling prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world. Fairtrade is an independent mark found on products where ingredients in the product have been produced by small-scale farmers that meet Fairtrade's social, economic and environmental standards. The standards include the protection of workers' rights and the environment, payment of a Fairtrade minimum price and an additional premium to invest in the farmers' and workers' community. The Group continues to expand its range of catering products that are certified as being Fairtrade, with all Chef's Larder tea and coffee products now being Fairtrade accredited. The Lichfield Fairtrade range has 26 products across tea, coffee, sugar and hot chocolate. During the year the Group contributed the equivalent of £116,700 through Fairtrade premiums to help tea and coffee growers.

Sustainable Palm Oil

Palm oil production has been well documented as a cause of substantial damage to the natural environment. Its impact includes deforestation, habitat loss of critically endangered species and a significant increase in greenhouse gas emissions. Although palm oil is only an extremely small input into the production by our suppliers of our own label products, all Chef's Larder, Happy Shopper, and Euroshopper ranges of biscuits and snack products contribute to the production of certified sustainable palm oil.

MANAGEMENT OF RISKS AND UNCERTAINTIES

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 detailed 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 Executive Committee as necessary the occurrence of any material internal 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 which are monitored by the Audit Committee on the Board's behalf and reviewed annually by the Board. 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 2016. 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 and the resources that our business devotes to them. 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 most important elements of this framework are described below:

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), Guy Farrant (Chief Operating Officer), Mark Chilton (Company Secretary and General Counsel) and other senior executives representing the operational functions within the Group. It meets every two weeks 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.

Three year business plan

Each year the Group produces a three year business plan which covers development of profits and cash flow generation over the period.

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. The Group's risk register is reviewed by the Board as part of annual strategic planning and budgetary cycles.

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.

Principal Risks and Uncertainties

The principal risks and corresponding mitigation set out below represent the principal uncertainties that the Board believes may impact the Group's ability to deliver effectively its strategy in the future. The list does not include all risks that the Group faces and it does not list the risks in any order of priority.

Risk	Impact	Mitigating factors
Increasing price competition in the UK grocery and discount sectors	A decline in selling prices could have an adverse impact on the Group's sales, operating profits and cashflow.	The Group will continue to improve the choice, price and service to our customers.
Changes in regulation	Changing laws and regulation may impact our ability to market or sell certain products or could cause the Group to incur additional costs or liabilities that could adversely affect its business.	The Group operates in an environment governed by strict regulations to ensure the safety and protection of customers, shareholders, employees and other stakeholders and the operation of an open and competitive market. These regulations include food hygiene, health and safety, tobacco, data protection, the rules of the London Stock Exchange and competition law. In all cases, the Board takes its responsibilities seriously, and recognises that any breach of regulation could cause reputational and financial damage to the Group.
Failure of operational and synergistic benefits of the BRP acquisition to materialise	This could have an adverse impact on the profitability of the Group.	The Group will continue to maintain strong links to suppliers and effective cost control. Regular meetings take place between the Group and BRP leadership teams, aligning activities targeting operational and synergistic benefits.
Failure to respond to competition	This could have an adverse impact on the Group's sales, operating profits and cashflow.	The industry is extremely competitive with the market being served by numerous competitors, ranging from national multiple retailers to regional independent wholesalers. We compete by closely monitoring the activities of our competitors and ensuring we continue to improve the choice, price and service to our customers.
Product quality and safety	This could have an adverse impact on the Group's reputation, sales, operating profits and cashflow.	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 seriously throughout the Group, and are monitored both through internal audit procedures and by external bodies, such as environmental health departments, within local authorities. 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.

MANAGEMENT OF RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact	Mitigating factors
Employee engagement and retention	The continued success of the Group relies on 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 employees 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. If the providers of credit insurance withdraw or materially reduce the levels of cover they provide to the Group's trade creditors in respect of the Group, this might affect the Group's ability to obtain products from those suppliers on existing credit terms and could worsen the Group's cashflow.	The Group Finance Director meets the key credit insurers to ensure that they have an up to date understanding of the Group's financial position. Likewise, we keep suppliers updated of key developments in the Group, through amongst other things, key supplier conferences, and aim to be the suppliers' preferred route to market.
Pension funding	A worsening funding position may require the Group to pay cash contributions or provide further assurance to cover future liabilities. This could worsen the Group's cashflow.	The Group seeks to agree appropriate investment policies with the Trustees and closely monitors the funding position of the Pension Schemes with the Trustees. Both the Company and the Trustees take advice from independent qualified actuaries.
Failure of the Group's information technology systems	The maintenance and development of information technology systems may result in system failures, including cyber security breaches which may adversely impact the Group's ability to operate, which could affect the Group's sales, operating profits and cashflow.	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. The Group has entered into a Transitional Services Agreement which will ensure that Musgrave provides appropriate operational support during the period of transition of BRP's systems into the Group's IT landscape.
Health and safety risks	A health and safety related incident could result in serious injury to the Group's employees, contractors, customers and visitors, which could adversely affect our operations and result in reputational damage, criminal prosecution and civil litigation. This could affect the Group's reputation, with a potentially adverse affect on sales, operating profits and cashflow.	<p>The Group has developed an effective health and safety management system to ensure compliance with all legal duties placed on the organisation by law. All systems are subject to regular review with training provided as appropriate.</p> <p>The Group employs a Health and Safety manager to maintain the management system, along with the identification and remediation of specific risks, and ensuring employees are aware of regulatory requirements.</p>
Resource management and energy efficiency	A long term increase in energy prices could have an adverse effect on the Group's sales, operating profits and cashflow with an increasing cost to operations to adapt to climate change and mitigate impact.	<p>The Group has a continual focus on reducing our environmental impact and implementing changes to our operations to maximise opportunities such as recycling more waste and using more renewable sources of fuel.</p> <p>Greenhouse gas emissions are measured and reported annually.</p> <p>Substantial investment is made to improve environmental risk management, with a focus on energy efficiency when investing in new capital projects.</p>

Assessment of the Group's prospects

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements. Further information in relation to the Directors' assessment of going concern is contained in note 1f to the financial statements.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014 ('the Code'), the Directors have assessed the Group's viability over a three year period to March 2019. This period has been considered for the following reasons:

- The Group's strategic planning cycle covers a three year period;
- For major investment projects three years is considered by the Board to be a reasonable time horizon for an assessment of the outcome; and,
- The business model can be evolved for significant changes in market structure or government policy over the three year period.

The Group produces a forecast three year business plan which incorporates projections for income and cash flow. An analysis has been completed to evaluate the financial impact (including on sales, profitability and liquidity) of the Group's principal risks, set out on pages 15 to 16, occurring whether individually or in unison over the period, including in a number of severe but plausible scenarios. The analysis also assesses the potential impact on the Group's available sources of funding and the range of mitigating actions that would be available to offset the effect of those risks, should they arise.

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Strategic report approval

The Strategic Report, outlined on pages 1 to 17, (including the assessment of the Group's prospects as set out above) incorporates the Highlights, the Business Profile and Key Performance Indicators, the Chairman's Statement, the Chief Executive's Review, the Group Finance Director's Report, the Corporate Social Responsibility Report and the Management of Risks and Uncertainties sections of this document.

By order of the Board



Mark Chilton
Company Secretary
18 May 2016

DIRECTORS' REPORT

The Directors present their report for the 52 week period ended 25 March 2016. The UKLA's Listing Rules and Disclosure and Transparency Rules also require the Company to make certain disclosures, some of which have been included in other appropriate sections of the Annual Report and Accounts. The following are incorporated into the Directors' Report by reference:

Future Developments in the Business	4–7	Corporate Governance Report	22–26
Employment policy and employee involvement	10	Directors' responsibility statements	63
Greenhouse Gas Emissions	11	Financial instruments	87–89

The Strategic Report can be found on pages 1 to 17 and is incorporated by reference and deemed to form part of this report. The Strategic Report includes information on the principal risks and uncertainties facing the business.

Dividends

The Directors have recommended a final dividend of 4.03 pence per ordinary share. If approved by shareholders at the Annual General Meeting on 6 July 2016, this final dividend will be payable on 8 July 2016 to shareholders on the register of members at the close of business on 10 June 2016. An interim dividend of 0.57 pence per share was paid on 27 November 2015.

If the final dividend is approved by shareholders, dividends for the year will total 4.60 pence per ordinary share (2015: 3.66 pence).

Return of Capital

The Company is proposing to implement a capital return to shareholders of 3.20 pence per ordinary share at a cost of approximately £57m based on the issued share capital of the Company at the date of this report. It is proposed that this is achieved by the issue of a new class of B Shares which shareholders will be able to redeem for cash.

Interests of Directors in Contracts

During the period, 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 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 ^a	Guy Farrant
Bryn Satherley ^d	Richard Rose ^b
Lord Bilimoria	Helena Andreas
Andrew Cripps	Stewart Gilliland
Karen Jones	Gary Hughes ^c

^a Resigned 1 April 2015

^b Resigned 8 July 2015

^c Appointed 3 December 2015

^d Resigned 1 April 2016

Biographical details of the current Directors are set out in the section headed Directors and Officers on pages 20 and 21.

Appointment and Retirement of Directors

Subject to applicable law, from time to time the Board may appoint any person to be a director. Under the Articles, any such director shall hold office only until the next AGM and shall then be eligible for election. The Articles require that at each AGM at least one-third of the Board should retire as directors by rotation, however, in accordance with the recommendations of the UK Corporate Governance Code, all Directors will retire and (other than Lord Bilimoria who will be stepping down as a Director with effect from the conclusion of the 2016 AGM) offer themselves for re-election at the 2016 AGM.

Directors' and Officers' Liability Insurance

The Company maintains appropriate directors' and officers' liability insurance in respect of itself and its Directors and Officers. 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.

Share Capital

As at 25 March 2016, the Company's share capital consisted of 1,772,837,070 issued and fully paid Ordinary Shares with a nominal value of 1 pence per share and 1,520,361 Redeemable Preference Shares with a nominal value of 3.5 pence per share. The rights and obligations attaching to these shares are contained in the Company's Articles of Association. 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 or the Redeemable Preference Shares, nor are there any requirements for prior approval for their transfer. The Redeemable Preference Shares carry no rights save for the right of redemption in accordance with the Articles of Association.

The Directors may exercise all the powers of the Company subject to the provisions of relevant legislation, the Articles of Association and any directions given by the Company in general meeting, including those in relation to the issue and buyback of shares. At each Annual General Meeting, the shareholders are requested to renew the Directors' powers to allot securities in the Company up to the value specified in the notice of meeting and to renew the Directors' powers to allot securities without the application of pre-emption rights up to the value specified in the notice of meeting in accordance with the Articles of Association.

At the Annual General Meeting held in 2015, the Company was granted authority by shareholders to purchase up to 175.6 million Ordinary Shares, representing less than 10% of the Company's ordinary share capital as at 28 May 2015. 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 within the limits set out in the notice of that meeting.

Substantial Interests

The Company has been notified under the Disclosure and Transparency Rules of the following interests in the voting rights attaching to the Company's issued share capital as at 18 May 2016.

Lansdowne Partners International	8.07%
Ameriprise Financial Inc	7.53%
Charles Wilson	6.11%
Blackrock Inc	5.01%
Schroders plc	4.94%
Prudential plc	4.91%
AXA Investment Managers S.A.	4.79%
Norges Bank	4.12%
Aviva plc	3.91%

Ethical Code

Details of the Group's Ethical Code can be found at www.bookergroup.com, the Group's website.

Political Donations

The Company did not make any political donations or incur any political expenditure during the year.

Disability

The Group is an equal opportunities employer. Applications for employment and promotion of disabled persons are treated on the same basis as those from other applicants. The Group's policy is to provide opportunities for the training, career development and promotion of disabled persons and to seek to continue the employment of, and to arrange training for, employees who have become disabled during the period when they were employed by the Group.

Amendment of Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

Disclosure of Information to Auditor

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 Auditor is 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 Auditor is aware of that information.

Auditor

As more fully described in the Audit Committee report, the Board decided to put the Company's external audit out for tender this year and following that process concluded that KPMG LLP ('KPMG') should be re-appointed as the Company's statutory auditor for the year ending 24 March 2017, and that PwC should be appointed as the Company's External Auditor for the year ending 30 March 2018.

By Order of the Board.



Mark Chilton
Company Secretary

DIRECTORS AND OFFICERS

Stewart Gilliland (Age 59)
Non-Executive Chairman

First appointed: December 2010

Stewart is currently Senior Independent Director of Mitchells & Butlers plc and a Non-Executive Director of C&C Group plc and Curious Drinks Ltd. He is also a director of Nature's Way Foods Ltd.

Stewart was formerly Chief Executive of Muller Dairies UK and Ireland and has held senior roles with leading consumer facing companies, including Whitbread and Interbrew.

Jonathan Prentis (Age: 54)
Group Finance Director

First appointed: June 2007

Jonathan qualified as a chartered accountant with Deloitte. He was appointed as Group Finance Director of Booker in 2005. Prior to this appointment, Jonathan was Finance Director of Group Logistics within The Big Food Group plc. Prior to 2003, he was with TDG plc.

Mark Chilton (Age: 53)
Company Secretary

First appointed: June 2007

Mark acts as Company Secretary and General Counsel 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 Booker in 2006. Previously, he was Head of Legal at the Big Food Group plc. Prior to that, he was at The Greenalls Group Plc.

Charles Wilson (Age 50)
Chief Executive

First appointed: June 2007

Charles started his career in 1986 with Procter & 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 Group 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.

Guy Farrant (Age: 54)
Chief Operating Officer

First appointed: October 2010

Guy is the Group's Chief Operating Officer. Guy has a wealth of food experience having worked in the food industry for 30 years rising to be Director of Food and, latterly, Operations and Retail Director at Marks and Spencer Plc.

Lord Bilimoria CBE, DL (Age: 54)
Non-Executive Director and Senior Independent Director

First appointed: December 2007

Karan Bilimoria is the founder of Cobra Beer, Chairman of the Cobra Beer Partnership Limited (a joint venture between Molson Coors Brewing Company (UK) Ltd and Bilimoria Holdings Ltd), and Chairman of Molson Coors Cobra India (a joint venture between Cobra Indian Beer Pvt. Ltd and Molson Coors Brewing Company). Karan is an independent Crossbench Peer in the House of Lords.

He qualified as a chartered accountant with Ernst & Young and graduated in law from the University of Cambridge. He is an honorary fellow of Sidney Sussex College, Cambridge.

Helena Andreas (Age: 41)
Non-Executive Director

First appointed: November 2012

Helena was appointed as Head of Group Marketing and Communications for Nordea Bank in 2014. Formerly she was Group Head of Retail & Distribution at Vodafone Group.

Prior to joining Vodafone Helena held senior positions in marketing and operations at Tesco Group plc and previously was a business consultant at Accenture. Helena holds an MBA from INSEAD.

Karen Jones CBE, (Age: 59)
Non-Executive Director and
Chairman of Remuneration
Committee

First appointed: March 2009

Karen is a founder and Chairman of Food and Fuel Ltd, a hospitality company. She is also a Non-Executive Director of Cofra AG, Corbin and King Ltd, Firmenich International and Chairman of Hawksmoor Ltd. She is also on the Board of RNTE (Royal National Theatre Enterprises Board).

Karen was formerly CEO of Spirit Group Ltd, a private equity-backed 2,000 strong pub and restaurant group. Prior to Spirit, Karen founded, grew and floated The Pelican Group plc, owner of a number of restaurant chains including Café Rouge. Karen was awarded a CBE in 2006 for services to hospitality, and an honorary doctorate from the University of East Anglia in July 2013.

Andrew Cripps (Age: 58)
Non-Executive Director and
Chairman of Audit Committee

First appointed: December 2007

Andrew is currently Non-Executive Deputy Chairman of Swedish Match AB. He is also Senior Independent Director and Chairman of the Audit Committee of Boparan Holdings Limited and of Stock Spirits Group plc, and a Non-Executive Director of Howden Joinery Group plc.

Andrew spent twenty years with Rothmans International and British American Tobacco plc. He read Economics at the University of Cambridge prior to qualifying as a chartered accountant with KPMG.

Gary Hughes (Age: 54)
Non-Executive Director

First appointed: December 2015

Gary is a senior member of the Operational Excellence team at Apax Partners, the global private equity firm, where he also sits on the boards of two portfolio companies, Smart Technologies Inc and General Healthcare Group Limited. In addition to this, Gary is a Non-Executive Director of Premier Farnell plc, Majid Al Futtaim Retail LLP, SECC Limited and the Scottish Football Association.

Gary's previous roles include Chief Financial Officer of Gala Coral Group, Chief Executive Officer of the largest operating division of United Business Media plc and Group Finance Director of Emap plc. Gary was formerly Chairman of the Audit Committee at J Sainsbury plc. Gary qualified as a chartered accountant with Ernst & Whinney, now Ernst & Young.

CORPORATE GOVERNANCE REPORT

Compliance with the UK Corporate Governance Code

Throughout the year ended 25 March 2016 and to the date of this document, the Company complied with the provisions and applied the Main Principles of the UK Corporate Governance Code 2014 (the 'Code').

This Corporate Governance Report, together with the Audit Committee Report, the Nomination Committee Report and the Remuneration Report, describes how the Company has complied with the provisions of the Code.

The Role of the Board and its Committees

The Company is led and controlled by the Board of Directors (the 'Board') chaired by Stewart Gilliland.

The following Directors served on the Board during the year:

Name	From:	To:
Executive		
Charles Wilson	28 March 2015	To date
Jonathan Prentis	28 March 2015	To date
Mark Aylwin	28 March 2015	1 April 2015
Guy Farrant	28 March 2015	To date
Bryn Satherley	28 March 2015	1 April 2016
Non-Executive		
Richard Rose	28 March 2015	8 July 2015
Stewart Gilliland	28 March 2015	To date
Lord Bilimoria	28 March 2015	To date
Helena Andreas	28 March 2015	To date
Andrew Cripps	28 March 2015	To date
Karen Jones	28 March 2015	To date
Gary Hughes	3 December 2015	To date

The Board currently consists of three Executive Directors and six Non-Executive Directors.

The following changes occurred during the year under review:

- On 1 April 2015, Mark Aylwin resigned from the Board.
- On 8 July 2015, Richard Rose, having served three terms of three years each as Chairman of Blueheath Holdings plc ('Blueheath') and then Booker Group plc, stepped down as Chairman and retired from the Board at the AGM on 8 July 2015. During his tenure, the Board was satisfied that Richard was independent.
- On 8 July 2015, Stewart Gilliland became Non-Executive Chairman of the Board. The Board is satisfied that Stewart was independent on appointment.
- On 3 December 2015, Gary Hughes joined the Board as a Non-Executive Director.
- On 1 April 2016, Bryn Satherley resigned from the Board.

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 independence of Non-Executive Directors is considered at least annually and is based on the criteria suggested in 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 has fulfilled this role and will continue to do so until he retires from the Board at the AGM on 6 July 2016, when he will be succeeded by Karen Jones. Lord Bilimoria is available to shareholders where concerns have not been resolved through the normal channels and for when such contact would be inappropriate until the conclusion of the forthcoming AGM and thereafter Karen Jones will be available to shareholders to address such concerns. The role of the Senior Independent Non-Executive Director is set out in a written statement which forms part of Karen Jones' appointment letter.

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 to make decisions.

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 20 and 21.

The Board meets regularly on at least twelve scheduled occasions during each year and more frequently, if necessary. There were fourteen Board meetings, nine Audit Committee meetings, six Nomination Committee meetings and eight Remuneration Committee meetings held in the year under review and the attendance by Directors at the meetings they were eligible to attend was as follows:

	Board	Audit	Nomination	Remuneration
Executive				
Charles Wilson ^{a b c}	14/14	8/9	6/6	7/8
Jonathan Prentis ^a	13/14	9/9	–	1/1
Mark Aylwin ^f	1/1	–	–	–
Guy Farrant	14/14	–	–	–
Bryn Satherley ^h	14/14	–	–	–
Non-Executive				
Richard Rose ^{c g}	6/6	–	2/3	2/3
Lord Bilimoria ^d	13/14	9/9	6/6	8/8
Helena Andreas ^{c d}	14/14	–	–	1/1
Andrew Cripps ^d	14/14	9/9	5/5 ⁱ	7/7 ^m
Stewart Gilliland ^{c d}	14/14	4/4 ⁱ	3/3	4/4
Gary Hughes ^{d o}	4/4	3/3 ^k	–	1/1 ⁿ
Karen Jones ^d	13/14	2/2 ^j	6/6	8/8

a Not a member of the Audit Committee but attended by invitation

b Not a member of the Nomination Committee but attended by invitation

c Not a member of the Remuneration Committee but attended by invitation

d Independent Non-Executive Director

e Appointed on 3 December 2015

f Resigned on 1 April 2015

g Resigned on 8 July 2015

h Resigned on 1 April 2016

i Member of the Audit Committee until 8 July 2015

j Member of the Audit Committee from 8 July 2015 until 3 December 2015

k Member of the Audit Committee from 3 December 2015

l Member of the Nomination Committee until 3 December 2015

m Member of the Remuneration Committee until 3 December 2015

n Member of the Remuneration Committee from 3 December 2015

CORPORATE GOVERNANCE REPORT CONTINUED

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, 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 two days per month. His other significant commitments are disclosed in his biography on page 20. 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 Nomination 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.

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 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; and
- opportunities to visit business operations.

Performance Evaluation

The Board undertook an externally facilitated evaluation in 2016. This evaluation was led by the Chairman and was externally facilitated by Prism Communications & Management Ltd ('Prism'), which is part of Equiniti Group plc. Prism had no other connection with the Company and was not subject to any conflict of interest, however, the Group receives share administration services from Equiniti Limited, also a subsidiary of Equiniti Group plc.

The methodology of the evaluation was via a detailed questionnaire. The review covered the following main areas, which were determined by the Chairman and Prism to be of most importance or value to the Board:

- key Board issues;
- strategy and corporate principles;
- internal controls and risk management;
- performance management;
- shareholders and stakeholders; and
- performance in the boardroom.

Feedback was provided by a comprehensive written report to the Chairman and a report to the Board meeting in May 2016. At that meeting the Board discussed the evaluation process and the findings. The areas specifically focused upon included the structure of the Board (including the role of the Senior Independent Non-Executive Director), participation of executive management in Board meetings, the number/frequency of Board meetings, risk and strategic analysis and on-going training requirements, all of which were considered in the context of the Company's growth in recent years and the opportunities and challenges facing it. The evaluation process provided assurance that each Director continued to contribute effectively and demonstrated commitment to the role. The evaluation process has led to the Terms of Reference of the various Board committees being updated in light of the wording of the latest version of the Code, a written statement being completed of the Senior Independent Non-Executive Director's role and a programme of regular training sessions being formalised for Directors.

No other actions or changes to Board or Board committee practice were considered necessary in the immediate term following the evaluation but the effectiveness of the Board and its Committees will be kept under review in accordance with corporate governance best practice.

During the year, the Chairman and the Non-Executive Directors met without the Executive Directors being present. 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 Senior Independent Director provided feedback to the Chairman of this review.

Board 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.

The Audit Committee Report is on pages 27 to 33, the Nomination Committee Report is on pages 34 to 39 and the Remuneration Report is on pages 40 to 62.

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 Code all Directors will, however, stand for re-election annually.

CORPORATE GOVERNANCE REPORT CONTINUED

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 Executive Directors also have regular contact with analysts and brokers. The Chairman, Senior Independent Non-Executive Director and other Non-Executive Directors receive feedback 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 and, following his retirement at the forthcoming Annual General Meeting, his successor, Karen Jones, will be similarly accessible to shareholders.

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.

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, Nomination and Remuneration 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, 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

In accordance with the Company's Articles of Association and section 175 of the Companies Act 2006, formal procedures for the notification and authorisation of potential and actual conflicts of interest 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.

This report was approved by the Board of Directors on 18 May 2016.



Mark Chilton
Company Secretary

AUDIT COMMITTEE REPORT

Chairman's Introduction to the Audit Committee Report

In my final report to you as Chairman of the Committee, I am pleased to report on the activities of the Committee for the year ended 25 March 2016.

During the year, we welcomed Gary Hughes onto the Committee and he will succeed me as Chairman after this year's interim results in October 2016. Gary has extensive financial and audit experience from leading the finance functions of a number of large companies, and most recently from chairing the Audit Committee of J Sainsbury plc, and so is ideally suited to take over the Chairmanship of the Committee.

A key focus for the Committee this year has been the new requirements of the Code that now apply to the Company, particularly the process by which the Directors are able to confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Company and consideration of the period over which the viability statement will apply. The Committee has reviewed the assurance process and the risk management framework to ensure that it remains appropriate and does provide a robust assessment of those principal risks and uncertainties.

We reported last year that we intended to tender the external audit engagement. That tender process was initiated in December 2015 resulting in the recommendation to re-appoint KPMG as the Company's statutory auditor for the year ending March 2017 and to appoint PricewaterhouseCoopers LLP ('PwC') as the Company's statutory auditor for the year ending March 2018. This will enable a smooth transition from KPMG to PwC, having completed the process of integrating BRP into the Group's accounting systems. The competitive tender was led by me as Chairman of the Committee, conducted in conjunction with the Group Finance Director, Jonathan Prentis and Gary, my successor, and overseen by the Committee. In parallel with the audit tender process, the Committee reviewed and updated our policy on non-audit services provided by the External Auditor to ensure that the External Auditor continues to be free from any actual or perceived conflict of interest relating to statutory audit services in accordance with professional and regulatory requirements.

In passing my role to Gary, I can be confident that the Company comprises a well managed business with a healthy focus on monitoring risks and a keen interest in maintaining robust and effective systems of control. I should like to thank my fellow directors for all their support over the past nine years and to wish the Company continued success in the future.

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

On behalf of the Board.



Andrew Cripps
Chairman of the Audit Committee
18 May 2016

AUDIT COMMITTEE REPORT CONTINUED

Role and Responsibilities of the Committee

The Committee supports the Board in fulfilling its responsibilities in relation to financial reporting; monitoring the integrity of the financial statements and other announcements of financial results published by the Group; and reviewing and challenging the judgements and actions of management in relation to the financial statements. The Committee reviews the effectiveness of the Group's internal financial control and financial risk management systems and the effectiveness of the Group's Internal Audit function. On behalf of the Board, the Committee manages the appointment and remuneration of the External Auditor and monitors its performance and independence. The Group supports an independent and confidential whistleblowing procedure and the Committee monitors the operation of this facility.

In accordance with the Code, the Board requested that the Committee advise whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee's Terms of Reference reflect this requirement and can be found in the Investor Centre/Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary.

Membership

The following Directors served on the Committee during the year:

Name	From:	To:
Andrew Cripps (Chairman)	28 March 2015	To date
Lord Bilimoria	28 March 2015	To date
Stewart Gilliland	28 March 2015	8 July 2015
Karen Jones	8 July 2015	3 December 2015
Gary Hughes	3 December 2015	To date

- On appointment as the Chairman of the Company, Stewart Gilliland resigned from the Committee on 8 July 2015 in accordance with good governance practice, but continues to attend meetings at the invitation of the Committee.
- Karen Jones was appointed to the Committee on 8 July 2015 and resigned from the Committee on 3 December 2015 when Gary Hughes was appointed.

All members of the Committee are, and were considered by the Board to be, independent.

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities. All three current Committee members are chartered accountants. Andrew Cripps and Gary Hughes are considered by the Board to have recent and relevant financial experience, as required by the Code. Andrew Cripps and Gary Hughes also have substantial and recent audit committee experience ensuring that the Committee remains abreast of accounting and regulatory developments. Lord Bilimoria has substantial relevant commercial experience. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 20 and 21 of the Annual Report and Accounts.

The Committee has access to the Group's finance team, to its Internal Audit function and to its External Auditor and can seek further professional training and advice, at the Group's cost, as appropriate.

The quorum necessary for the transaction of business is two, each of whom must be a Non-Executive Director. Only members of the Committee have the right to attend Committee meetings, however, during the year, Stewart Gilliland, as a Non-Executive Director and in his capacity as Chairman, Charles Wilson, Chief Executive, Jonathan Prentis, Group Finance Director, the Head of Internal Audit and representatives from KPMG, the External Auditor, were invited to attend meetings. The Committee also meets separately with the Head of Internal Audit and the External Auditor without management being present.

The Company Secretary is Secretary to the Committee.

Meeting Frequency and Main Activities in the Year

The Committee met on five scheduled occasions during the year ended 25 March 2016. In addition there were four meetings by conference call to review quarterly trading statements for recommendation to the Board. All members of the Committee attended every scheduled meeting and meetings by conference call. The members' attendance record at meetings they were eligible to attend was as follows:

Committee member	Number of meetings attended	Percentage attendance
Andrew Cripps (Chairman)	9/9	100%
Lord Billimoria	9/9	100%
Stewart Gilliland	4/4	100%
Karen Jones	2/2	100%
Gary Hughes	3/3	100%

During the year ended 25 March 2016, the Committee reviewed and made recommendations to the Board on the Preliminary Results Announcement for the period to 27 March 2015, the 2015 Annual Report and Accounts, the Interim Results Announcement for the period to 11 September 2015, Interim Management Statements for the twelve weeks to 27 March 2015, the twelve weeks to 19 June 2015, the ten weeks to 28 August 2015 and the sixteen weeks to 1 January 2016.

Since 25 March 2016, the Committee has met three times to review and make recommendations to the Board on the Interim Management Statement for the twelve weeks to 25 March 2016, the Preliminary Results Announcement for the period to 25 March 2016 and the 2016 Annual Report and Accounts.

In carrying out its reviews during the year, the Committee considered:

- whether the Group had applied appropriate accounting policies and practices both on a year on year basis and across the Group;
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies set out on pages 72 to 77 of the Annual Report and Accounts;
- the paper prepared to support the going concern and viability statement referred to on page 17 of the Annual Report and Accounts;
- reports from the Group Finance Director and the External Auditor;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- whether the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Committee also:

- approved the Internal Audit and External Auditor's work plans for the Group;
- considered regular reports from the Head of Internal Audit on their findings;
- recommended revisions to the Board to the Committee's Terms of Reference;
- reviewed the External Auditor's independence and objectivity, the effectiveness of the audit process and approved the External Auditor's remuneration;
- carried out an external audit tender process resulting in the recommendation to re-appoint KPMG as statutory auditor for the year ending 24 March 2017, and to appoint PwC as statutory auditor for the year ending 30 March 2018;
- approved the appropriateness of the External Auditor providing non-audit services and related fees; and
- reviewed the going concern and viability statements set out on page 17 of the Annual Report and Accounts.

AUDIT COMMITTEE REPORT CONTINUED

Significant Judgemental Areas

The significant areas of judgement considered by the Committee in relation to the accounts for the year ended 25 March 2016 and how these were addressed are outlined below. Each of these areas received particular focus from the External Auditor, who provided detailed analysis and assessment of the matters in their report to the Committee.

Acquisition accounting in relation to Musgrave Retail Partners GB Limited, now known as Booker Retail Partners (GB) Ltd and its subsidiaries ('BRP')

The acquisition of BRP was subject to approval by the UK competition authority and full clearance was received from the Competition and Markets Authority on 3 September 2015. The transaction was completed on 14 September 2015 and BRP was then consolidated in the Group's results from that date. We are required to fair value BRP's assets and liabilities at the date of consolidation. There is an exercise of judgement involved in identifying and valuing the assets acquired in such a business combination. In that regard, the Committee examined the methodology and outcomes of external valuations and confirmed that they were independent of the Group. Management valuations were then scrutinised against external evidence and the verification work completed by the external valuers. The Committee assessed the processes used in the identification and valuation of acquired assets and liabilities, including the reasonableness of assumptions used. The Committee also assessed the allocation of consideration between goodwill and identified intangible assets. Following this review, we were satisfied that the judgements exercised were appropriate.

Accounting for Defined Benefit Pension Schemes

The Group operates a variety of post employment benefit arrangements, as outlined in note 18 to the financial statements. Although the defined benefit schemes are closed to future accrual, they are sensitive to changes in actuarial assumptions. We challenged the valuations prepared by the Group's pension advisors and, following discussions with management, were satisfied that the judgements exercised were appropriate. During their audit, KPMG evaluated the assumptions and methodologies used by the Group's pension advisors and assessed whether the assumptions made were appropriate and not materially different from external benchmarks. KPMG reported to us on the assumptions used and the way that our schemes had been accounted.

Property Provisions

The Group has recorded property provisions in the sum of £39.8m as outlined in note 19 to the financial statements, which, by their nature, are uncertain and highly judgemental. We scrutinised the key elements of judgement with management to assure ourselves as to the adequacy and appropriateness of the provisions. Following this review, we were satisfied that the judgements exercised were appropriate. As part of the year end audit, KPMG considered the nature of the provisions, the potential outcomes, any developments relating to specific claims, and the prior history of lease obligations, provisions and claims in order to assess whether the provisions recorded were appropriate.

Following discussions with the External Auditor, and the deliberations set out above, we were satisfied that the financial statements dealt appropriately with each of the areas of significant judgement.

The External Auditor also reported to the Committee on any misstatements that they had found in the course of their work. The Committee noted their work and were satisfied that no material amounts required adjustment.

Fair, Balanced and Understandable Assessment

One of the key compliance requirements of a group's financial statements is for the Annual Report and Accounts to be fair, balanced and understandable. The coordination and review of Group wide contributions into the Annual Report and Accounts follows a well established and documented process, which is performed in parallel with the formal process undertaken by the External Auditor.

The Committee received a summary of the approach taken by management in the preparation of the 2016 Annual Report and Accounts to ensure that it met the requirements of the Code. This, and our own scrutiny of the document, enabled the Committee, and then the Board, to confirm that the 2016 Annual Report and Accounts taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Internal Controls and Risk Management Systems

The Committee is responsible, on behalf of the Board, for reviewing the effectiveness of the Group's internal controls and risk management systems, including financial, operational and compliance controls.

In order to keep the Committee abreast with latest developments, the Head of Internal Audit reported to each meeting on developments and emerging risks to internal control systems and on the evolution of major risks. In addition, the Committee reviewed reports issued by both Internal Audit and the External Auditor and held regular discussions with the Group Finance Director, the Head of Internal Audit and representatives of the External Auditor. During the course of these reviews, the Committee has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Internal Audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, work plan, activities and resources.

At the beginning of the financial year, the Committee reviewed and approved the Internal Audit plan for the year having considered the principal areas of risk in the business and the adequacy of staffing levels and expertise within the function. During the year, the Committee received regular verbal and written reports from the Head of Internal Audit summarising findings from the work of Internal Audit and the responses from management to deal with the findings. Amongst other topics, these included further reports on the operations in India, where the control environment continues to mature well.

The Committee monitors progress on the implementation of any action plans arising on significant findings to ensure these are completed satisfactorily and meets with the Head of Internal Audit in the absence of management.

External Audit

It is the responsibility of the Committee to monitor the performance, objectivity and independence of KPMG, the External Auditor. As reported last year, the Committee has supported the appointment of Stuart Burdass as Senior Statutory Auditor for KPMG, in place of Nicola Quayle who has stepped down, in accordance with best practice, after five years in this role. We thank Nicola for the thoroughness and commitment she has brought to the audit. In February 2016, we met with KPMG to agree the audit plan for the year end, highlighting the key financial statement and audit risks, to ensure that the audit was appropriately focused. In addition, KPMG's letter of engagement and independence was reviewed by the Committee in advance of the audit.

In May 2016, in advance of the finalisation of the financial statements, we received a report from KPMG on their key audit findings, which included the key areas of risk and significant judgements referred to above, and discussed the issues with them in order for the Committee to form a judgement on the financial statements. In addition, we considered the Letter of Representation that the External Auditor requires from the Board.

We meet with the External Auditor privately at least twice a year to discuss any matters they may wish to raise without management being present.

Assessment of Effectiveness of External Audit

The Committee obtained feedback on the effectiveness and efficiency of the audit process from key management personnel through a short questionnaire. The results were positive, confirming such areas as effective planning, appropriate focus on risk, continuity, commitment and integrity. The Committee then reviewed the audit process with KPMG and noted the beneficial effect of open discussion of potential issues early in the process.

The Committee concluded that the external audit process was operating effectively and KPMG continued to prove effective in its role as External Auditor.

AUDIT COMMITTEE REPORT CONTINUED

Audit Tender

The current External Auditor was first appointed for the year ended 1 April 2005 and the external audit had not been tendered since then. We reported last year that we intended to put the external audit out to tender, with a view to the successful audit firm being appointed to audit the Group's financial statements for the year commencing 26 March 2016. We concluded the tender process for the external audit, as described below, and agreed that, following the completion of the audit of the financial statements for the year ended 25 March 2016, KPMG will be re-appointed as the Company's External Auditor subject to approval by shareholders at the AGM on 6 July 2016, and that PwC will be appointed as the Company's External Auditor, subject to approval by shareholders, at the AGM in July 2017. This will enable a smooth transition to new auditors, during a year in which we are engaged in the process of integrating BRP, particularly into the Company's accounting systems.

The Committee led a rigorous tender process for the external audit during the winter of 2015 and spring of 2016. We considered the range of qualified firms and concluded that three firms should be invited to participate in a formal tender process on the basis of:

- experience and track record in delivering quality audit services;
- having the high calibre resources needed to deliver quality audit services to the Group;
- willingness to participate in the audit tender and to deliver the audit services;
- experience in auditing organisations of comparable size and complexity to the Group; and
- neither the Company nor the firm being aware of any apparent conflicts of interest or independence issues.

Once the shortlist had been prepared, each firm was invited to put forward alternative Senior Statutory Auditors (lead audit partners) who were interviewed by the Chairman of the Committee and the Group Finance Director. Following feedback from the Company on the preferred lead audit partners, each firm was then invited to attend an information day to ensure they fully understood our business, systems, controls, risk areas, ways of working and management structure. Each firm was required to submit a formal audit proposal document in January which was reviewed by management and the Committee. On 1 February 2016, each firm presented to the Committee together with representatives of management. Additionally, committee members met with each firm without management present.

After deliberation and assessment against predetermined objective criteria, as well as taking into account the views of the Group Finance Director, the Committee recommended to the Board that KPMG should be re-appointed as the Company's External Auditor for FY17, and that PwC should be appointed as the Company's External Auditor thereafter. Accordingly, a resolution proposing the re-appointment of KPMG as the Company's External Auditor will be put to shareholders at the AGM on 6 July 2016, and a resolution in respect of the appointment of PwC as the Company's External Auditor will be put to shareholders at the AGM in July 2017.

There are no contractual obligations restricting the Company's choice of External Auditor. The Committee will continue to review the auditor appointment and the need to tender the audit, ensuring the Group's compliance with the Code and any related regulations.

Non-Audit Services

The Committee has also reviewed its policy on non-audit services provided by the External Auditor to ensure that the External Auditor remains free from any actual or perceived conflict of interest, in accordance with professional and regulatory requirements. The principal requirements of the revised policy are that the External Auditor may not undertake prohibited services, which include:

- book keeping;
- the design and implementation of financial information systems or financial controls;
- outsourced internal audit services that relate to internal accounting controls, financial systems of financial statements;
- secondments to the Group where the audit firm secondees acts as an employee of the Group or performs any decision making, supervisory or ongoing monitoring function;
- remuneration related services;
- actuarial services;
- management functions;
- tax services that depend for their effectiveness on a particular accounting treatment; and
- legal services unrelated to the audit.

The Committee must approve any individual non-audit services above £25,000.

Discretion is used, subject to the controls set out above, in obtaining non-audit services from the External Auditor, although other accountancy firms are also used when appropriate. In accordance with the policy, a cumulative summary of non-audit fees paid to the External Auditor and third party providers is presented to the Committee on a scheduled basis.

In view of their knowledge of the Group's ways of working and the importance of efficient integration of the acquired business, KPMG were asked to provide due diligence services in respect of the acquisition of BRP. The aggregate fee for this amounted to £198,587.

Other non-audit work comprised the interim review, for which fees of £35,000 were charged, and other small assignments to assist with tax compliance and other matters for aggregate fees of £65,815. The Committee believes that there are sound commercial and practical reasons for this work being conducted by the External Auditor and that it is not of a nature which would affect its independence as External Auditor.

Whistleblowing Programme

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

The programme allows employees to raise their concerns with their line manager or, if that is inappropriate, to raise them on a confidential basis. An externally facilitated confidential helpline and confidential email facility are provided to protect the identity of employees in these circumstances. Any concerns are investigated on a confidential basis by the Human Resources Department and/or the Company Secretary and feedback is given to the person making the complaint as appropriate via the confidential email facility. An official written record is kept of each stage of the procedure and results are summarised for the Committee.

Committee Effectiveness

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself and results are summarised for the Committee. The Audit Committee is charged to ensure that arrangements are in place for the proportionate independent investigation and appropriate follow up.

This report was approved by the Board of Directors on 18 May 2016.



Andrew Gripps
Chairman of the Audit Committee

NOMINATION COMMITTEE REPORT

I am pleased to present the Report of the Nomination Committee for 2016. This Report provides shareholders with an overview of the activities carried out by the Committee during the year.

On 2 April 2015, it was announced that Richard Rose, having served three terms of three years each, as Chairman of Blueheath and then the Company, would be stepping down as Chairman at the AGM on 8 July 2015, in accordance with corporate governance best practice. Richard was a superb Chairman. The Company has come a long way in the past few years and Richard did a great job of building and chairing the Board. We wish him all the very best in the future. Following this announcement, the Committee conducted a search with the assistance of The Zygos Partnership, which concluded, following a thorough selection process by the Committee led by me, as Senior Independent Director, with the announcement that Stewart Gilliland had been appointed as Chairman with effect from the close of the AGM on 8 July 2015. Stewart's considerable experience in both the wholesale and retail sectors was considered invaluable, as was his thoughtful challenge and insight to Board and various Committee discussions since his appointment to the Board in December 2010. As such, he was the outstanding candidate for the role as Chairman. I succeeded Richard as Chairman of this Committee upon his retirement from the Board.

On 2 April 2015, we also announced that Mark Aylwin had decided to leave Booker to pursue other opportunities. Mark was responsible for the Booker Direct, Chef Direct and Ritter Courivaud businesses. We are very grateful to Mark for his contribution to the Company. Mark joined with Richard on the acquisition of Blueheath in 2007, developed our Booker Direct business and helped found Chef Direct. We wish Mark all the very best for the future. Rather than replacing Mark we decided to embed the strengths of Booker Direct, Ritter Courivaud and Chef Direct into the wider Group structure. These changes have helped take the benefits of Booker Direct, Chef Direct and Ritter Courivaud to our national accounts, branch accounts and independent catering and retail customers.

During the year the Committee continued to focus on reviewing the Company's succession plans for appointments to the Board to ensure that an appropriate balance of skills, experience and diversity was achieved and having regard to the need to ensure the progressive refreshing of the Board. This issue was of particular relevance given that both Andrew Cripps and I will have completed over nine years of service on the Board in 2016. As a consequence of this review, we engaged The Zygos Partnership to undertake a search for candidates with the appropriate skills and experience to join the Board as Non-Executive Directors and in the case of Andrew Cripps, ultimately to succeed him as Chairman of the Audit Committee after this year's interim results in October 2016. A detailed search resulted in the appointment on 3 December 2015, following a recommendation by the Committee to the Board, of Gary Hughes as a Non-Executive Director. Gary also joined the Audit and Remuneration Committees from that date and will succeed Andrew as Chairman of the Audit Committee after this year's interim results in October 2016. Gary has extensive experience in the finance functions of a number of major companies, and most recently chairing the Audit Committee of J Sainsbury plc. As such, Gary is ideally suited to take over the Chairmanship of the Audit Committee.

The search for a candidate with the appropriate skills and experience, having regard to the benefits of diversity (including, but not limited to, ethnicity, experience and gender), to join the Board as a Non-Executive Director and ultimately to succeed me on the Audit and Remuneration Committees is ongoing.

On 3 December 2015, we announced that Bryn Satherley, having served for ten years as Group Operations Director, would be stepping down from the Board and retiring from the Company with effect from 1 April 2016. Bryn has done a brilliant job for the Company. He has decided to retire but will remain a good friend of Booker and we wish him all the very best in the future. Rather than replacing Bryn, Guy Farrant, Managing Director of Booker Wholesale, was appointed Chief Operating Officer with effect from 1 April 2016 and Bryn's responsibilities have been split amongst the other members of the Executive team.

Looking forward, the Committee will continue to review long term succession plans for the Board, with the aim of ensuring that an appropriate balance of skills, experience and diversity is maintained.

I should also like to thank my fellow directors for all their support over the past nine years and to wish the Company continued success in the future. Stewart will replace me as Chairman of this Committee with effect from the conclusion of the forthcoming AGM and Karen Jones will also succeed me as the Senior Independent Director at that time.

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

On behalf of the Board.



Karan Bilimoria
Chairman of the Nomination Committee
18 May 2016

NOMINATION COMMITTEE REPORT CONTINUED

Role and Responsibilities of the Committee

The Committee has defined Terms of Reference which can be found in the Investor Relations/Legal Documents/2016 section of the Group's website. A copy may be obtained from the Company Secretary. The Committee is responsible for making recommendations to the Board on the appointment of additional Directors and for reviewing the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and the membership of Board committees to ensure that they have the necessary range of competencies, knowledge and experience required for the direction and oversight of the business.

Membership

The following Directors served on the Committee during the year:

Member	Period from:	To:
Richard Rose	28 March 2015	8 July 2015
Lord Bilimoria (Chairman)	28 March 2015	To date
Andrew Cripps	28 March 2015	3 December 2015
Karen Jones	28 March 2015	To date
Stewart Gilliland	8 July 2015	To date

All members of the Committee are considered to be independent Non-Executive Directors. Richard Rose did not chair the Committee when it dealt with the search for and selection of his successor and no other member of the Committee put themselves forward as a potential candidate for the Chairmanship.

No member of the Committee nor any other Director participates in discussions concerning or votes on his or her own re-election or evaluation of his own performance. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 20 and 21. Their remuneration is set out in the Remuneration Report.

The quorum necessary for the transaction of business is two, each of whom must be a Non-Executive Director. Only members of the Committee have the right to attend Committee meetings, however, during the year, Charles Wilson (Chief Executive) was invited to attend meetings.

The Company Secretary is Secretary to the Committee.

Meeting Frequency and Main Activities in the Year

Members' attendance record at meetings they were eligible to attend was as follows:

Committee member	Number of meetings attended	Percentage attendance
Richard Rose	2/3	67%
Lord Bilimoria	6/6	100%
Andrew Cripps	5/5	100%
Karen Jones	6/6	100%
Stewart Gilliland	3/3	100%

Since 25 March 2016, the Committee has met on two occasions.

During the year ended 25 March 2016 the Committee met to:

- review the size, structure and composition of the Board;
- commence the search for a candidate to succeed Richard Rose as Chairman of the Company and following a detailed search process, recommend to the Board that Stewart Gilliland be appointed as Chairman of the Company from the conclusion of the AGM on 8 July 2015;
- commence the search for a new Non-Executive Director with appropriate skills and experience to ultimately succeed Andrew Cripps as Chairman of the Audit Committee. Following a detailed search process, the Committee recommended to the Board that Gary Hughes be appointed as a Non-Executive Director with effect from 3 December 2015;
- recommend to the Board that Helena Andreas, whose three-year tenure expired in December 2015, be re-appointed as a Non-Executive Director for a further three-year term subject to re-election by shareholders at the forthcoming AGM;
- commence the search for a new Non-Executive Director with appropriate skills and experience to replace Lord Bilimoria. Lord Bilimoria did not participate in the discussions or work of the Committee in relation to this topic;
- recommend to the Board that all of the Directors who have indicated their willingness to stand for re-election be proposed for re-election as Directors at the forthcoming AGM;
- review the Committee's report within the 2015 Annual Report and Accounts and recommend its approval to the Board; and
- recommend revisions to the Board to the Committee's Terms of Reference.

Since 25 March 2016, the Nomination Committee met on two occasions to:

- discuss progress in the search for a candidate with the appropriate skills and experience to join the Board as a Non-Executive Director; and
- recommend the appointment of Karen Jones as Senior Independent Director, with effect from the conclusion of the forthcoming AGM.

Board Composition/Succession Planning

The Board plans for its own succession, with the support of the Committee. The Committee remains focused, on behalf of the Board, on Board succession planning for both Executive and Non-Executive Directors.

The Committee aims to ensure that:

- the succession pipeline for senior executive and business critical roles in the organisation is adequate;
- processes are in place to identify potential successors and manage succession actively;
- there is a structured approach to developing and preparing possible successors; and
- processes are in place to identify 'at risk' posts.

On at least an annual basis each Director's intentions are discussed with regard to continued service on the Board and their succession is considered in the context of the shape of the overall Board and the corporate governance guidance on Non-Executive tenure. This transparency allows for an open discussion about succession for each individual, both for short-term emergency purposes as well as longer term plans.

As in previous years, we conducted an analysis of the balance of skills on the Board as a whole, taking account of the future needs of the business in the light of the business strategy, the Board changes set out above, and the knowledge, experience, length of service and performance of the Directors. In accordance with our policy, we also had regard to the requirement to achieve a diversity of characters, backgrounds and experience amongst Board members.

NOMINATION COMMITTEE REPORT CONTINUED

Summary of Board Changes

- April 2015 – Richard Rose announced his intention to retire at the conclusion of the AGM on 8 July 2015 and Mark Aylwin resigned from the Board;
- June 2015 – Announced that Stewart Gilliland was to succeed Richard Rose as Chairman at the conclusion of the AGM on 8 July 2015;
- July 2015 – Richard Rose retired as Chairman to be succeeded by Stewart Gilliland; and,
- December 2015 – Bryn Satherley announced his intention to retire in April 2016 and it was announced that Gary Hughes had joined the Board as a Non-Executive Director and will succeed Andrew Cripps as Chairman of the Audit Committee from October 2016.

Chairman Succession

Richard Rose served three terms of three years each, as Chairman of Blueheath and then the Company. In accordance with corporate governance best practice, Richard Rose advised in April 2015 that he would be stepping down as Chairman at the AGM on 8 July 2015.

In preparing the job specification, assessing the time commitment expected (usually two days per month) and agreeing the skills and experience desired for a potential successor Chairman, considerable emphasis was placed on identifying a candidate with considerable and recent experience of the grocery and wholesale/retail sectors generally and the ability to work closely and effectively with the Chief Executive in delivering the Company's strategy whilst providing the necessary degree of independence and challenge. The search for a suitable candidate began within the Board. The search was then widened through the use of an external agency, The Zygos Partnership. The Zygos Partnership does not have any connection to the Group other than in respect of the provision of these services. The search concluded following a thorough selection process by the Committee led by Lord Bilimoria, as Senior Independent Director, with the announcement on 17 June 2015, following a recommendation by the Committee to the Board, that Stewart Gilliland had been appointed as Chairman with effect from the close of the AGM on 8 July 2015. Stewart Gilliland's considerable experience in both the wholesale and retail sectors was considered invaluable, as was his thoughtful challenge and insight to Board and various Committee discussions since his appointment to the Board in December 2010.

The search for a new Non-Executive Director who it is intended will succeed Lord Bilimoria is ongoing.

Non-Executive Director Search

To assist it in the search for new Non-Executive Directors, the Committee again engaged The Zygos Partnership. The Zygos Partnership was provided in each case with a detailed brief of the desired candidate profiles based on merit and against objective criteria (including an assessment of the time commitment expected) and their services are being used to conduct a thorough search to identify suitable candidates. The Committee considered in both instances a list of potential candidates with the skills, knowledge, independence and diversity in its widest sense (gender, nationality, age, experience, ethnicity and background) which would benefit the Company.

The Company did not use open advertising to search for suitable candidates for the roles of Chairman or Non-Executive Director, as we believe that the optimal way of recruiting for these positions is generally to use targeted recruitment based on the skills and experience required.

A detailed search resulted in the appointment on 3 December 2015, following a recommendation by the Committee to the Board, of Gary Hughes as a Non-Executive Director. Gary Hughes also joined the Audit and Remuneration Committees from that date and will succeed Andrew Cripps as Chairman of the Audit Committee after this year's interim results in October 2016. Gary Hughes has extensive experience in the finance functions of a number of major companies and most recently as the Chair of the Audit Committee of J Sainsbury plc. As such, Gary Hughes is ideally suited to take over the Chairmanship of the Audit Committee.

The search for a candidate with the appropriate skills and experience, having regard to the benefits of diversity (including, but not limited to, ethnicity, experience and gender), to join the Board as a Non-Executive Director and ultimately to succeed Lord Bilimoria on the Audit and Remuneration Committees is ongoing.

Skills Balance and Directors' Performance Evaluation

The Committee also considered the membership of the Board and each of its Committees. The Committee continues to actively review the long term succession planning process for Directors to ensure the structure, size and composition of the Board and its Committees continues to be effective, thus ensuring appropriate levels of corporate governance and best practice and support for the Company as it pursues its strategy.

As part of its review, the Committee considered the performance and independence of Stewart Gilliland, Helena Andreas, Andrew Cripps, Gary Hughes and Karen Jones, each of them having confirmed their willingness to stand for re-election at the forthcoming AGM.

Following a rigorous review, the Committee considered that the performance of each of Stewart Gilliland, Helena Andreas, and Gary Hughes, as well as Andrews Cripps and Karen Jones, notwithstanding that their length of service as Non-Executive Directors is in excess of eight and six years respectively, was effective and accordingly recommended to the Board that they each be proposed for re-election as a Director of the Company at the forthcoming AGM.

Diversity

We value diversity in the Boardroom and see it as a wider topic than simply gender. Our Directors come from different backgrounds and each brings unique capabilities and perspectives to our discussions, with a wide range of professional and geographical backgrounds. We are committed to maintaining a diverse Board. Appointments to the Board and throughout the Group will continue to be made on merit and overall suitability for the role against objective criteria with due regard to the benefits of diversity (including, but not limited to, ethnicity, experience and gender).

We do not consider that quotas are appropriate as a target for ethnic minority or female representation on company boards, since they are likely to lead to compromised decisions on Board membership, quality and size. Whilst the Committee has not determined to set targets for the number of ethnic minorities or women on the Board, we continue to consider and make appointments based on merit. When recruiting, we require any search agency to have signed up to the 'Voluntary Code of Conduct for Executive Search Firms' setting out the seven key principles of best practice to abide by throughout the recruitment process.

Statistical gender diversity employment data for the Group can be found in the Corporate Social Responsibility Report on page 10.

Committee Performance and Effectiveness

The Board additionally undertook an annual review of the Committee's performance and effectiveness and concluded that the Committee operated effectively.

This report was approved by the Board of Directors on 18 May 2016.



Karan Bilimoria
Chairman of the Nomination Committee

REMUNERATION REPORT

I am pleased to present the Report of the Remuneration Committee for 2016, which sets out the remuneration paid to the Directors in the year ended 25 March 2016.

The Committee's approach to remuneration remains that it should be kept as simple and comprehensible as possible. As such, our Remuneration Policy remains unchanged since 2014. The Remuneration Policy of the Company is intended to ensure:

- Incentives for Executive Directors and executives are closely linked to performance, thus aligning the interests of Executive Directors, executives and shareholders;
- Executive Directors' rewards are correlated with those received by other employees of the business; and
- Executive Directors are not rewarded for failure.

The Committee is of the view that we have a structure of reasonable base pay, bonuses and long term incentives which are aligned to growing long term shareholder value. We are satisfied that the outcomes to date have reflected business performance and that the targets set are stretching in the context of the market in which we operate and, if delivered, will have added significant value for shareholders.

Moreover, we believe that the remuneration policy and incentive framework in place are working well to support the Company's strategy and are helping to retain, recruit and motivate our management team.

In the context of our future performance goals the Committee reviewed and decided to maintain the stretching targets attached to PSP awards granted in 2015, which require the executive team to deliver for three years compound annual growth in earnings per share of +12% and compound annual growth in total shareholder return of +15% in order to secure the maximum PSP vesting. In that context, we were keen to ensure that remuneration was weighted towards variable pay, dependent on performance, thus ensuring a clear link between the value created for shareholders and the amount paid to our Executive Directors. As a result, we reviewed the size of awards and decided to increase the award potentially payable to Executive Directors (excluding Charles Wilson) to 200% of salary.

As a result of major changes in the roles and responsibilities of the Executive Directors following the acquisition of BRP, the departures of Mark Aylwin and Bryn Satherley, and a benchmarking exercise conducted by PwC confirming that a significant variance to the market had arisen in respect of the remuneration of Guy Farrant and Jonathan Prentis, the Committee, taking all those factors into account, found it necessary to reconsider and increase Executive Director salaries in 2016 by circa 5%.

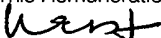
In a similar vein, the appointment of a new Chairman and new Non-Executive Directors prompted a review of Chairman and Non-Executive Director fees. We found our fee level was below the FTSE350 range and accordingly the Chairman and Non-Executive Director fees have been rebased to market levels.

No payments were made to Richard Rose on his retirement as Chairman and no payment for loss of office was made to Mark or Bryn following termination of their employment.

The Committee will review the existing Remuneration Policy and incentive framework over the next year prior to putting the next Remuneration Policy to shareholders for approval in 2017. As the Performance Share Plan expires in 2018 the Committee intends to review the plan as part of the overall review of remuneration and intends to put a new long-term incentive plan to shareholders for approval in 2017.

We look forward to hearing your views in the future and hope to receive your continued support at this year's AGM.

This Remuneration Report was approved by the Board on 18 May 2016.


Karen Jones

Chairman of the Remuneration Committee

Governance

Role of the Committee

The Remuneration Committee has defined Terms of Reference which were reviewed in 2016 and can be found in the Investor Relations/Investor Centre/Legal Documents/2016 section of the Group's website. A copy may be obtained from the Company Secretary. The Remuneration Committee advises the Board and makes recommendations:

- on the remuneration packages for the Executive Directors and executives including remuneration, share incentives and other benefits;
- on the terms of service contracts with Executive Directors and executives and any compensation arrangements resulting from the termination of an Executive Director or executive's service contract; and
- concerning the grant and vesting of awards under the PSP.

Membership

The following Directors served on the Committee during the year:

Name	From:	To:
Karen Jones (Chairman)	28 March 2015	To date
Lord Billimoria	28 March 2015	To date
Andrew Cripps	28 March 2015	3 December 2015
Gary Hughes	3 December 2015	To date

All members of the Committee are and were considered by the Board to be independent.

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 20 and 21. Their remuneration is set out later in this Report. The quorum necessary for the transaction of business is two, each of whom must be a Non-Executive Director. Only members of the Committee have the right to attend committee meetings, however, during the year, Richard Rose (the then Chairman), Stewart Gilliland (Chairman), Helena Andreas (Non-Executive Director), Charles Wilson (Chief Executive), Jonathan Prentis (Group Finance Director) and the Group Human Resources director were invited to attend meetings (although never during the discussion of any item affecting their own remuneration or employment).

The Company Secretary is Secretary to the Remuneration Committee.

REMUNERATION REPORT CONTINUED

Meeting Frequency and Main Activities in the Year

The Remuneration Committee met 8 times during the year ended 25 March 2016 to:

- Approve the 2015 bonus;
- Approve the Remuneration Report for the financial year ended 27 March 2015;
- Approve the 2015/16 Pay Award Strategy;
- Approve the 2015/16 bonus scheme;
- Approve the terms of Managing Director, Booker Direct, Mark Aylwin's departure;
- Review achievement of the target set for the 2016 bonus;
- Review the Remuneration Report for the 2016 financial year;
- Consider the 2016/17 Pay Award Strategy;
- Review Executive Directors' and other executives' remuneration packages;
- Approve the terms of the Chairman, Stewart Gilliland's appointment;
- Approve salary increases for the Executive Directors (excluding Charles Wilson);
- Approve the size of PSP awards to Executive Directors (excluding Charles Wilson);
- Consider, approve and adopt the performance conditions for 2015/18 and future PSP awards;
- Provide an update upon the Committee Chairman's meetings and conference calls with shareholders;
- Approve the terms of Operations Director, Bryn Satherley's departure; and,
- Consider the bonus scheme for 2016/17.

Since 25 March 2016, the Remuneration Committee met on 2 occasions to:

- Approve the 2016 bonus;
- Approve the Remuneration Report for the financial year ended 25 March 2016;
- Approve the 2016/17 Pay Award Strategy;
- Approve the 2016/17 bonus scheme; and,
- Recommend to the Board revisions to the Committee's Terms of Reference

Membership

The following Directors served on the Committee during the year:

Committee member	Number of meetings attended	Percentage attendance
Karen Jones (Chairman)	8/8	100%
Lord Bilimoria	8/8	100%
Andrew Cripps	7/7	100%
Gary Hughes	1/1	100%

Key Remuneration Principles

The principles supporting the Executive Directors' reward packages are reviewed each year to ensure that they continue to underpin the Group's strategy.

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 executives of the requisite quality. Accordingly, the Committee's policy, in a competitive market, is to design remuneration packages which reward Executive Directors and executives fairly for their contribution. The Committee will take into account the pay and employment conditions of other Group employees when determining Executive Directors' remuneration, particularly when determining base salary increases.

Directors' Remuneration Policy

The policy for Executive Directors remuneration, set out below, took effect from the date of the 2014 AGM, and is available to view in the Investor Relations/Investor Centre/Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary.

The Committee considers the remuneration policy annually to ensure that it continues to underpin the Group's strategy. The policy set out below applies for three years from the 2014 AGM.

Future Policy Table

How the reward element supports our strategic objectives	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Salary (100% cash)	Recognises the market value of the role and the individual's skill, performance and experience.	<p>Reviewed annually and fixed for 12 months from 1 April.</p> <p>Committee considers:</p> <ul style="list-style-type: none"> • Business and individual performance; • Current remuneration against internal and external benchmarks; and • Average salary increases for the wider Company workforce. <p>When external benchmarking is used, the comparator groups are chosen having regard to:</p> <ul style="list-style-type: none"> • Size – market capitalisation, turnover, profits and the number of employees; and • Diversity and complexity of the business. 	<p>Over the policy period, salaries for current Executive Directors will broadly increase in line with the range of increases applying to the employee population, other than where there is a change in role or responsibility, where there are major changes within the Group or where a significant variance to the market arises that warrants a more significant increase, or where the Committee judges that there is a risk in relation to attracting or retaining Executive Directors. Any such changes, should they occur, will be fully explained to shareholders in the next Remuneration Report.</p> <p>Newly promoted or recruited Executive Directors may on occasion have their salaries set below the benchmark policy level while they become established in the role. In such cases, salary increases may be higher than the employee population until the target positioning is achieved.</p>	None
Bonus (100% cash)	Drives and rewards annual performance against financial metrics.	<p>Reviewed annually with target set in line with prior year performance.</p> <p>Payment is determined by the Committee. The Committee may adjust an award upwards or downwards, after application of the performance measures, to take into account any relevant factors including, but not limited to, performance of the Company relative to its competitors and the extent of achievement. Under no circumstances will an award exceed the maximum opportunity stated.</p> <p>Malus applies to bonus.</p> <p>See page 48 for details.</p>	Maximum is 100% of salary.	<p>100% is based on Group EBIT growth year on year.</p> <p>Target measured over one financial year.</p>

REMUNERATION REPORT CONTINUED

Future Policy Table continued

How the reward element supports our strategic objectives	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
PSP (100% shares)	Drives and rewards delivery of sustained long term performance on measures that are aligned with the interests of shareholders.	<p>Annual awards over Company shares, which vest after 3 years, subject to the achievement of corporate performance targets.</p> <p>Reviewed annually. Vesting is confirmed by the Committee after the end of the vesting period. The Committee will review the vesting outcomes of the performance targets at the end of each three-year cycle against an assessment of Group earnings and the quality of financial performance over the period, including sustainable growth and the efficient use of cash and capital. If the Committee determines that the vesting outcomes do not appropriately reflect the financial performance of the Group, it may add to or reduce the number of shares that vests, provided that in no case will an award exceed the maximum opportunity stated.</p> <p>Malus applies to awards.</p> <p>See page 48 for details.</p>	<p>Maximum award for 2014/17 PSP cycle is 150% of salary. The Committee has no current intention to award more than the policy maximum, but if exceptional and unforeseen circumstances arise that warrant it, the Committee has discretion to increase this to 400% of salary under the PSP rules.</p> <p>Any such award will be fully explained to shareholders in the next Remuneration Report.</p>	<p>The measures are as follows:</p> <p>a) 50% absolute TSR performance target:</p> <p>25% threshold vesting at 8% growth per annum;</p> <p>maximum vesting for 15% growth per annum; and</p> <p>straight line vesting in between.</p> <p>b) 50% absolute EPS performance target:</p> <p>25% threshold vesting at 6% growth per annum;</p> <p>maximum vesting for 12% growth per annum; and</p> <p>straight line vesting in between.</p> <p>All targets are measured over a three year performance period.</p>
ShareSave Scheme	The savings related share option plan provides all employees with an interest in the performance of the Company's shares.	Executive Directors may participate on the same terms as other employees. The option price may be discounted by up to 20% on the date of grant. Accumulated savings may be used to exercise an option to acquire shares.	The maximum savings amount is currently £500 per month over a three year period.	No performance measures are permitted by UK legislation applicable to this type of plan.

How the reward element supports our strategic objectives	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Pension	Provides funding for retirement. Helps recruit and retain.	Group defined contribution scheme.	Salary is the only element of remuneration that is pensionable. Current contribution levels are as follows: 6.25% employee contribution (of which 1.25% represents salary sacrifice) with 15% Company contribution. As an alternative to the pension arrangement, pensionable pay may be paid into the Executive Directors personal pension arrangement. Pensionable pay is set at the prior year's basic salary. A salary sacrifice arrangement is in place. Where Directors have reached either the annual or lifetime pension allowance, they will receive an equivalent cash payment in lieu of the pension contribution.	None
Benefits	Market competitive, consistent with role. Helps recruit and retain.	The Company pays the cost of providing the benefits on a monthly basis or as required for one-off events.	The value of benefits is dependent on market factors. Benefits may include car allowance/company car, life cover, private medical insurance and permanent health insurance for executives and their families, reimbursement of membership fees of professional bodies.	None

REMUNERATION REPORT CONTINUED

Notes to Future Policy Table

Bonus

The Earnings before interest and tax ('EBIT') bonus scheme, which is consistent with the FY14 bonus scheme, covers Executive Directors, executives, branch managers and sales teams, comprising approximately 1,700 colleagues of the Group. The aggregate bonus pool is determined each year by the level of improvement in Group EBIT year on year and no bonus is paid unless there is an improvement. The maximum bonus achievable for an Executive Director is 100% of basic salary. Charles Wilson, Chief Executive, does not participate in this bonus scheme. The Committee views this as appropriate given the alignment with shareholder interests which arise from his significant shareholding in the Company. Payments to Executive Directors are based upon a percentage of basic salary and do not form part of pensionable earnings. The proportion of the bonus pool accruing to Executive Directors is less than 15%.

PSP

The PSP scheme allows Executive Directors and approximately 1,000 employees to receive share awards, subject to the achievement of performance targets set by the Committee, measured over a three year period. Awards are made annually and, other than in exceptional circumstances, will not be more than 150% of annual salary for Executive Directors.

For the 2011/14 PSP cycle, the performance measures were share price based. Details of structure and outcome are set out on page 55.

For the 2012/15, 2013/16 and 2014/17 PSP cycle, the Committee resolved to grant maximum awards at 150% of base salary for the Executive Directors. Vesting for points between Threshold and Maximum is calculated on a straight line basis, as follows:

- 50% of each award will be linked to an Absolute TSR performance target with 25% of this element vesting at 8% growth per annum and rising on a straight line basis with full vesting for 15% growth per annum, when measured over the 3 years from the award date.
- 50% of each award will be linked to an Absolute EPS performance target with 25% of this element vesting for achieving Absolute EPS growth of 6% per annum and rising on a straight line basis with full vesting requiring 12% growth per annum, as measured between March 2012 and March 2015, March 2013 and March 2016 and March 2014 and March 2017.

In setting the TSR performance target, the Committee has taken into account the TSR returns achieved by companies in the FTSE350 commencing with the three year period to May 2002 and then walking forward on a weekly basis with the last data point being the returns of each company through to July 2012.

There is no re-testing of performance targets under the PSP, and awards lapse if they are not met.

The Committee will review the performance measures for the 2016/19 cycle for the Executive Directors (excluding Charles Wilson), in the context of our future performance goals.

Fixed and Variable Pay Mix

Individual reward elements for all Executive Directors (excluding Charles Wilson, Chief Executive, who does not participate in any incentive schemes) are designed to provide a balance between fixed remuneration and variable 'at risk' reward, linked to the performance of the Company. Charles Wilson, Chief Executive, has chosen from the outset not to participate in the bonus scheme and does not participate in the PSP. The Committee views this as appropriate given the alignment with shareholder interests which arises from his significant shareholding in the Company.

Illustrative scenarios

Below is an illustration of the value that could be received by each Executive Director under the Directors' Remuneration Policy in respect of 2016/17, showing:

- minimum, which comprises base salary, benefits and employer pension contributions only (equivalent to 15% of base salary) (total fixed pay);
- on-target, which includes total fixed pay and assumes an on-target award for the Bonus (50% of salary) and 50% of maximum PSP vesting; and
- maximum, which includes total fixed pay and a maximum award under the Bonus (100% of salary) and 100% of maximum PSP vesting.

The salaries included are those that will apply from 1 April 2016. The benefit values included are estimates. The amounts shown in relation to Bonus and PSP do not take account of any share price appreciation or depreciation and the PSP vesting is calculated using a share price of 163.5p being the closing share price on 25 March 2016.

REMUNERATION REPORT CONTINUED

Use of Discretion by Remuneration Committee

Malus in Incentive Plans

The Committee has the discretion under both the Bonus scheme and the PSP to claw back bonus and unvested share awards in the following circumstances:

- misconduct that causes significant damage or potential damage to the Company's prospects, finances or brand reputation; and/or
- actions that lead to material misstatement or restatement of accounts.

This feature helps ensure alignment between executive rewards and shareholder returns.

Other Uses of Discretion

The Committee will operate the Company's incentive plans according to their respective rules, the policy set out in the table above and in accordance with the Listing Rules and HMRC rules where relevant.

The Committee retains discretion over a number of areas relating to the operation and administration of the incentive plans. These include, but are not limited to, determining who participates in the incentive plans, the time and size of awards, measurement of performance in the event of a change of control or reconstruction and the adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends). The discretions that can be applied in the case of leavers under the Bonus and PSP are set out in the section on 'Policy on Payment for Loss of Office' on page 49.

Any exercises of discretion by the Committee will be fully disclosed and explained in the relevant year's Remuneration Report.

The Committee will also use its judgement as to what is appropriate within the terms of the Directors' Remuneration Policy, to make decisions that do not involve the exercise of discretion.

Approach to Recruitment Remuneration

The remuneration of any new Executive Director will be determined in accordance with the Directors' Remuneration Policy and the elements that would be considered by the Company for inclusion are:

- salary and benefits, including defined contribution pension participation and relocation costs, where appropriate;
- participation in the Bonus: pro-rated for the year of recruitment to reflect the proportion of the year remaining after the date of commencement of employment; and
- participation in the PSP: awards would be granted on the same terms and subject to the same performance conditions as those which apply to PSP awards granted to existing Executive Directors in the year of recruitment.

The maximum annual level of variable remuneration that may be granted to a newly recruited Executive Director (excluding any awards to compensate for incentives forgone on recruitment) would be in line with that of the existing Executive Directors:

- Bonus award: maximum 100% of salary; and
- PSP award: maximum 400% of salary for a full PSP cycle commencing after appointment, plus pro-rated awards in relation to PSP cycles outstanding at the time of recruitment (up to a further 150% of salary).

In addition, the Committee may, in its discretion, compensate a newly recruited Executive Director for incentives forgone from a previous employment as a result of their resignation. The Committee would seek validation of the value of any potential incentives forgone.

Awards made by way of compensation for incentives forgone would be made on a comparable basis, taking account of performance achieved (or likely to be achieved), the proportion of the performance period remaining and the form of the award. Compensation would, as far as possible, be in the form of awards under the PSP in order to immediately align a new Executive Director with Company performance.

Policy on Payment for Loss of Office

Contractual Notice Period and Pay in Lieu

All current Executive Directors have a rolling service contract with a notice period from the company of 12 months. As an alternative, the Company may, at its discretion, pay in lieu of that notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct.

Payment in lieu of notice could potentially include up to 12 months' salary and the cash equivalent of 12 months' pension contributions, and other contractual benefits. Where possible, the Company will seek to ensure that where a leaver mitigates their losses by, for example, finding new employment, there will be a corresponding reduction in compensation payable for loss of office. 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. A bonus element is not normally included in the termination payment, however, if the Company enforces the non-compete clause, up to 12 months on target bonus will be payable.

An Executive Director may have an entitlement to compensation in respect of their statutory rights under relevant employment legislation in the UK.

Under Charles Wilson's contract, 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.

Termination by Mutual Agreement

In certain circumstances it can be in the best interests of the Company for the Board to proactively manage succession planning and the development of the senior talent pipeline. In such circumstances, the Board may agree that an executive's departure will be by mutual agreement. In order for this to apply, the Committee will need to be satisfied that the executive has demonstrated performance in line with expectations and where required they should have contributed to an orderly succession. The Company's experience is that this approach is successful and has previously enabled the Company to recruit a former Executive Director to lead Makro on an interim basis immediately after its acquisition.

An Executive Director terminated by mutual agreement will be treated as a 'good leaver' for the purposes of the Bonus and PSP plans. If the termination date falls during the financial year, they will be eligible to be paid a pro-rated on target bonus and if they are employed at the end of the financial year, the bonus payable would be based on actual results.

Other than as set out above, the Committee does not anticipate using the discretion provided by the Bonus and PSP plan rules in respect of termination payments. There may, however, be unforeseen circumstances where this is in the best interests of the Company and its shareholders. Where such discretion is exercised, explanations will be provided in the next Remuneration Report and will comply with the Company's overall remuneration policy aim that Directors should not be rewarded for failure.

REMUNERATION REPORT CONTINUED

Policy for Determination of Termination Payments

Reason for termination	Salary and contractual benefits	Bonus award for year of termination (including after year end but before payment)	Unvested PSP awards
Good Leaver including: Ill-health/injury/disability Redundancy Retirement Employing company or undertaking transferred outside the Group Other reason determined by the Committee (in the case of PSP only)	Paid up to termination date. Pay in lieu of notice, if applicable.	Pro-rated award for year of termination. ¹ No accelerated payment. ²	Vest on usual vesting date to extent performance conditions met. ³ Number of shares vesting pro-rated to termination date.
Death	Paid up to date of death.	Pro-rated award for year of death paid fully in cash, accelerated. ²	Accelerated vesting: Committee has discretion to determine number of shares vesting, taking into account proportion of performance period elapsed and extent to which performance conditions are satisfied.
Other Leaver including: Resignation Gross misconduct	Paid up to termination date.	No award for year of termination. In case of resignation after financial year end but before award date, cash will be paid. ²	Forfeited. ²

¹ Committee has discretion to pro-rate to a later date (see below).

² Committee has discretion to determine otherwise (see below).

³ Committee has discretion to accelerate vesting (see below).

The Committee would only exercise the discretions available in the Bonus and PSP plan rules relating to:

- whether an award is made or an unvested award forfeited; and
- the extent and timing of any such award or forfeiture in exceptional circumstances, for example permanent disablement.

Notice periods would not usually be included when calculating the pro-rata amount of Bonus and PSP awards that vest. The Committee would only exercise its discretion to include some or all of the notice period in such calculation in exceptional circumstances, such as ill health, and would not do so in circumstances of poor performance.

The Committee has the discretion to determine that an individual should be treated as a Good Leaver for the purposes of the PSP. In exercising such discretion the Committee will consider factors such as personal performance and conduct, overall Group performance and the specific circumstances of the Executive Director's departure including, but not restricted to, whether the Executive Director is leaving by mutual agreement with the Company. If an individual is not a Good Leaver then they will be treated as an Other Leaver, as set out above.

Committee Interaction with Stakeholders

The Committee engages with shareholders on remuneration matters. Discussions were held with a number of shareholders and with shareholder representative organisations over the year.

Legacy Arrangements

The Committee reserves the right to honour any remuneration payments and payments for loss of office not in line with the policy set out above where the terms of those payments were (i) entered into with current or former directors before this policy came into effect or (ii) at a time when the relevant executive was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes payments of variable remuneration under the Bonus scheme and the PSP in line with the terms of the payment agreed at the time the award was granted.

The Committee may make minor changes to this policy, which do not have a material advantage to Directors, to aid its operation or implementation taking into account the interests of shareholders but without the need to seek shareholder approval.

Consideration of Employment Conditions elsewhere in the Group

The Committee takes into consideration the pay and conditions of employees throughout the Group when determining remuneration for its Executive Directors.

Salary increases for Executive Directors will broadly increase in line with the general workforce other than when there is a change in role or responsibility, or a significant variance to the market arises, warranting a larger increase.

Newly promoted or recruited Executive Directors to the Board may, on occasion, have their salaries set below the benchmark policy level while they become established in role. In such cases, salary increases may be higher than the general workforce until the target positioning is achieved.

Group employees' salaries are compared to cross-industry standards to ensure fair pay for that job. The Company does not directly consult with employees as part of the process of determining Directors' remuneration. While formal comparison measurements were not used in determining Executive Director remuneration, the Committee made decisions in the knowledge of incentive arrangements of the rest of the Group, upon which the Committee is briefed regularly.

Remuneration Policy for Other Employees

The Company's policy on the remuneration of Executive Directors is consistent with that of other senior employees. This group of approximately 1,700 people also participates in and receives payments under the EBIT Bonus scheme. Eligibility to participate in the PSP extends to a similar set of around 1,000 employees in total.

Outside the senior employees' group, the composition of remuneration differs. Of the Group's average 13,000 employees, over 9,000 employees are eligible for a bonus payment based on 'customer satisfaction'. Customer satisfaction is measured independently by calling 10,000 customers selected at random covering retailers, caterers, delivered and collect across our 202 branches each quarter to ask them to rate key areas of service.

Around 1,300 logistics employees are eligible for a quarterly bonus payment based on achieving productivity and efficiency targets at the site at which they are employed.

In addition from time to time certain incentive arrangements may be introduced for executives and colleagues in order to achieve particular objectives.

Eligibility for, and participation in, benefits and incentive plans differs depending on location, seniority, length of service and other factors.

Service Contracts and Notice Periods for Executive Directors

The Committee's policy is for all Executive Directors to have rolling service contracts with a notice period of 12 months. All new appointments will have 12 month notice periods, unless, on an exceptional basis to complete an external recruitment successfully, a longer initial notice period reducing to 12 months is used.

This is in accordance with the UK Corporate Governance Code.

All Executive Directors' appointments and subsequent re-appointments are subject to election and annual re-election by shareholders at the AGM.

REMUNERATION REPORT CONTINUED

Details of Current Executive Directors' Contracts

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 2016 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 2015	12	9*	Rolling Contract
Jonathan Prentis	4 June 2007	8 July 2015	12	6	Rolling Contract
Guy Farrant	14 October 2010	8 July 2015	12	12	Rolling Contract

* In the event of a change of control, Charles Wilson can terminate on 30 days' notice. Further details are set out on page 18.

All Executive Directors will stand for re-election at the 2016 Annual General Meeting.

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.

Remuneration Policy for Non-Executive Directors

The policy for Non-Executive Directors applies for three years from the date of the 2014 AGM, and is available to view in the Investor Relations/Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary.

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.

Reward element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees and benefits (100% cash)	Market competitive to attract Non-Executive Directors who have a broad range of skills and experience that add value to our business and help oversee and drive our strategy. Recognises the market value of the role and the individual's skill, performance and experience.	Non-Executive Directors' fees and benefits are set by the Chairman of the Board and Executive Directors; the Chairman's fees are set by the Committee. Fees are reviewed annually and fixed for 12 months from 1 April. Consideration is given to: Business performance; The time commitment and responsibilities of the role; Current remuneration against external benchmarks; and Average salary increases for the wider Company workforce. When external benchmarking is used, the comparator groups are chosen having regard to: Size – market capitalisation, turnover, profits and the number of employees; Diversity and complexity of the business. An additional fee is paid for acting as chairman of a committee and for representation on a committee.	<ul style="list-style-type: none"> Fee increases would be in line with median FTSE 350 increases. This may be exceeded where market conditions so warrant. The Company pays the cost of providing benefits as required. 	<ul style="list-style-type: none"> Non-Executive Directors are not eligible to participate in any performance related incentive plans.

The Board has determined that the time commitment of Non-Executive Directors should be 12 days per annum, other than the Chairman whose time commitment should be 24 days per annum. The time commitment for Non-Executive Directors is set out in the relevant Non-Executive Director's letter of appointment. In practice, the Non-Executive Directors exceed the minimum time commitment through their involvement in all aspects of the business.

Non-Executive Directors are entitled to be reimbursed for reasonable expenses incurred by them in carrying out their duties as Directors of the Company.

Details of Letters of Appointment and Notice Periods for Non-Executive Directors

Non-Executive Directors have letters of appointment for an initial period of three years subject to termination on one month's notice. In addition, the UK Corporate Governance Code requires that all Non-Executive Directors stand for re-election annually.

Non-Executive Director 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 as at 25 March 2016.

	Date of appointment as a Non-Executive Director	Most recent date of election or re-election at AGM
Stewart Gilliland	8 December 2010	8 July 2015
Lord Bilimoria	22 November 2007	8 July 2015
Helena Andreas	14 November 2012	8 July 2015
Andrew Cripps	22 November 2007	8 July 2015
Gary Hughes	3 December 2015	–
Karen Jones	19 February 2009	8 July 2015

Copies of the letters of appointment are available for inspection at the Company's registered office during business hours and will be made available for inspection at the 2016 Annual General Meeting.

REMUNERATION REPORT CONTINUED

Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration explains how the Directors' Remuneration Policy was implemented and the resulting payments to each of the Directors. The notes to the single figure table provide further detail, including measures and outcomes for 2016 where relevant, for each of the elements that make up the total single figure of remuneration in respect of each of the Executive Directors. This report is subject to an advisory vote at the 2016 AGM.

Single Total Figure of Remuneration – Executive Directors (audited information)

Director	Salary	Salary	Taxable	Taxable	Bonus	Bonus	PSP	PSP	Pension	Pension	Total	Total
	£'000	£'000	Benefits	Benefits	£'000	£'000	(value	(value	Benefits	Benefits	£'000	£'000
	2016	2015	£'000	£'000	2016	2015	of	of	£'000	£'000	2016	2015
			2016	2015			shares)	shares)	2016	2015		
Charles Wilson	510	510	1	1	–	–	–	–	77	77	588	588
Jonathan Prentis	418	389	39	33	207	205	939	838	59	53	1,662	1,518
Mark Aylwin	4	337	–	15	–	174	–	737	–	47	4	1,310
Guy Farrant	413	382	18	22	205	203	966	806	58	50	1,660	1,463
Bryn Satherley	343	325	34	32	166	174	762	772	50	42	1,355	1,345

Mark Aylwin stepped down as Managing Director, Booker Direct and as an Executive Director of Booker Group plc with effect from 1 April 2015 and his employment with the Group terminated on 17 August 2015. Details of payments made to Mark Aylwin in connection with the termination of his employment are set out on page 59.

The aggregate emoluments for Executive and Non-Executive Directors comprising salary, taxable benefits, bonus, and pension benefits is £3.0m (2015: £3.4m).

Notes to Single Total Figure of Remuneration – Executive Directors

- Salary – salary received in the year.
- Taxable benefits – all taxable benefits in kind arising from the individual's employment in 2015/2016.
- Bonus – the bonus relating to the Company's performance in the year ended 25 March 2016, to be paid in July 2016.
- PSP exercised during the year – based on the share price at the date of actual vesting.
- Pension Benefits – the value of Company contributions to pension plans or any cash allowances paid in lieu of pension contributions. All Executive Directors receive a cash allowance and none are members of a defined benefit pension scheme operated by the Group.
- No consideration was paid to third parties for making available the services of any person as a Director of the Company during the year.

Salary (audited information)

Notwithstanding the review of Executive Director salaries conducted by the Committee in 2015, the Committee found it necessary to reconsider Executive Director salaries in 2016 as a result of major changes in the roles and responsibilities of the Executive Directors following the acquisition of Budgens and Londis and the departures of Mark Aylwin and Bryn Satherley, and a significant variance to the market having arisen.

As a consequence, the Committee requested that PwC undertake a benchmarking exercise based on a company with a market capitalisation of £2.6 bn. Based on that benchmarking information, the Committee approved salary increases of circa 5% for each of the Executive Directors (excluding Charles Wilson).

Whilst these increases are significant, the Committee considers that the increases are fully necessary to ensure the Company continues to prosper in a challenging trading environment.

Bonus (audited information)

The level of pre-bonus earnings before interest and tax ('EBIT') achieved in 2016 gave rise to the following awards to the Executive Directors:

Director	EBIT award as % of salary
Jonathan Prentis	48.25%
Guy Farrant	48.25%
Bryn Satherley	48.25%

The EBIT bonus scheme covers approximately 1,600 colleagues, including the Executive Directors (other than Charles Wilson). The scheme has been in operation since 2007 (albeit that up to 2012 it was based on increases in earnings before interest, tax, depreciation and amortisation) and is targeted on increasing the Group EBIT year on year. The Group EBIT increase before exceptional items of £14.8m to £155.1m resulted in a bonus being awarded to Executive Directors of 48.25% of salary. The maximum bonus payable under the scheme to Executive Directors was 100% of salary, had the Group EBIT exceeded £185m, an uplift on prior year of £46.05m. If EBIT had not increased year on year no bonus would have been paid. Bonus is paid on basic salary as at 31 March each year. The proportion of the total scheme bonus pool accruing to Executive Directors was less than 15%, in accordance with the Company's Directors' Remuneration Policy.

Bonus payments awarded to each Executive Director, other than Charles Wilson who received no bonus, as a proportion of salary in the three previous financial years:

Financial Year	Bonus Payment
2015	51.98%
2014	61.20%
2013	55.26%

Share Incentives (audited information)

The performance measures for each three year PSP cycle are set by the Committee. Awards are made annually and eligible employees will receive shares at the end of the cycle, subject to achievement of the performance measures.

a) PSP Options Granted in 2012

In November 2012, the Company granted options under the PSP in relation to a total of 6.3m new Ordinary Shares. The options vested and became exercisable three years from the date of the award subject to continued employment and the performance conditions outlined below being satisfied. The performance conditions were met in full as outlined below. The options will lapse if not exercised within 10 years of the date of award.

Performance Measure	Threshold performance	Maximum performance	Threshold/Maximum vesting	Weighting	Maximum award – % of salary	Outcome
TSR	Growth by 8% per year or more	Growth by 15% per year or more	25%/100%	50%	75%	Maximum vesting ^a
EPS	Growth by 6% per year or more	Growth by 12% per year or more	25%/100%	50%	75%	Maximum vesting ^b

a Maximum vesting for TSR, as achieved 3 year growth of 28% against a maximum target of 15%

b Maximum vesting for EPS, as achieved 3 year growth of 16% against a maximum target of 12%

b) PSP Options Granted in 2013

Executive Director	Award Date	Maximum Shares Awarded	Price per Share at Grant ¹	Face Value of Award at Grant	Number of Shares received if Threshold Performance Achieved
Jonathan Prentis	17 Oct 13	376,310	£1.403	£527,963	94,077
Guy Farrant	17 Oct 13	365,402	£1.403	£512,659	91,350
Bryn Satherley ²	17 Oct 13	246,026	£1.403	£345,175	61,506

¹ The price at grant was calculated using the average mid-market closing price on the three days immediately preceding grant.

² In accordance with Remuneration Policy, Bryn Satherley's award has been pro-rated for time served up until 31 March 2016. The award may be reduced further subject to the final outcome of the TSR and EPS performance condition.

REMUNERATION REPORT CONTINUED

Share Incentives (audited information) continued

In October 2013, the Company made awards under the PSP in relation to a total of 5.4m new Ordinary Shares.

The options granted will vest and become exercisable three years from the date of award, subject to continued employment and the performance conditions outlined below being satisfied and will lapse if not exercised within 10 years of the date of award.

The performance measures for the 2013/16 PSP cycle are set out below:

Performance Measure	Threshold performance	Maximum performance	Threshold/Maximum vesting	Weighting	Maximum award – % of salary	Potential vesting outcomes
TSR	Growth by 8% per year or more	Growth by 15% per year or more	25%/100%	50%	75%	Between Threshold and Maximum vesting if current performance maintained
EPS	Growth by 6% per year or more	Growth by 12% per year or more	25%/100%	50%	75%	Between Threshold and Maximum vesting if current performance maintained

c) PSP Options Granted in 2014

Executive Director	Award Date	Maximum Shares Awarded	Price per Share at Grant ¹	Face Value of Award at Grant	Number of Shares received if Threshold Performance Achieved
Jonathan Prentis	16 Oct 14	500,972	£1.183	£592,650	125,243
Guy Farrant	16 Oct 14	494,631	£1.183	£585,148	123,657
Bryn Satherley ²	16 Oct 14	200,635	£1.183	£237,351	50,158

¹ The price at grant was calculated using the average mid-market closing price on the three days immediately preceding grant.

² In accordance with Remuneration Policy, Bryn Satherley's award has been pro-rated for time served up until 31 March 2016.

The award may be reduced further subject to the final outcome of the TSR and EPS performance condition.

In October 2014, the Company made awards under the PSP in relation to a total of 8.5m new Ordinary Shares.

The options granted will vest and become exercisable three years from the date of award, subject to continued employment and the performance conditions outlined above being satisfied and will lapse if not exercised within 10 years of the date of award.

The performance target is the same as for the 2013/16 PSP cycle.

d) PSP Options Granted in 2015

Executive Director	Award Date	Maximum Shares Awarded	Price per Share at Grant ¹	Face Value of Award at Grant	Number of Shares received if Threshold Performance Achieved
Jonathan Prentis	25 Nov 15	499,242*	£1.783	£890,149	124,810*
Guy Farrant	25 Nov 15	476,804	£1.783	£850,142	119,201

¹ The price at grant was calculated using the average mid-market closing price on the three days immediately preceding grant.

* These figures include the CSOP award. The PSP and CSOP options are linked such that at the time of exercise, to the extent that there is a gain in the CSOP option, linked PSP options with the same value will be forfeited. The options granted will vest and become exercisable three years from the date of award, subject to continued employment and the performance conditions outlined above being satisfied and will lapse if not exercised within 10 years of the date of award.

In November 2015, the Company made awards under the PSP in relation to a total of 6.3m new Ordinary Shares.

The options granted will vest and become exercisable three years from the date of award, subject to continued employment and the performance conditions outlined above being satisfied and will lapse if not exercised within 10 years of the date of award.

The performance target is the same as for the 2013/16 PSP cycle.

Participation

As well as the Executive Directors, approximately 1,000 employees have been granted PSP options. In addition 3,403 employees participate in the 2015 SAYE scheme, 2,611 employees participate in the 2014 SAYE scheme and 2,456 participate in the 2013 SAYE scheme. The Executive Directors have chosen not to participate in any of the current SAYE schemes.

The high number of employees participating in these schemes is consistent with the Group's policy of ensuring that the remuneration of the Executive Directors is aligned with that of the overall workforce and with the interests of shareholders.

Since 2007, when the reverse takeover of Blueheath was completed and the Company became admitted to trading on AIM, the equity value of the Company has increased from approximately £300m to over £3.1bn as at 18 May. The value of the PSP options awarded has been equivalent to 2% of the value generated.

Statement of Directors' Shareholdings (audited information)

Alignment to shareholder interests is a key element of the Group's remuneration policy which maintains commitment over the long term and ensures that the interests of the Executive Directors are aligned with those of shareholders. The Committee sets shareholding guidelines for Executive Directors. The current guideline is to build and maintain, over time, a personal (and/or spousal) holding of shares in the Company equivalent in value to at least the Executive Director's annual base salary. All of the Executive Directors currently meet these guidelines. Details of the share interests of all Executive Directors are shown below.

Director	No of Shares Held Outright		PSP Share Awards Vested but Unexercised		PSP Share Awards Unvested		Total Number of Shares and Awards Held	
	2016	2015	2016	2015	2016	2015	2016	2015
Charles Wilson	108,241,986	108,241,986	1,400,000	1,400,000	0	0	109,641,986	109,641,986
Jonathan Prentis	10,413,807	10,413,807	522,622	2,073,383	1,376,524	1,399,904	12,312,953	12,487,190
Guy Farrant	1,500,000	350,000	537,769	3,062,895	1,336,837	1,367,506	3,374,606	3,412,895
Bryn Satherley	7,163,486	7,163,486	424,157	2,027,143	730,286	1,154,443	8,317,929	9,190,629

The aggregate gain made by Directors on the exercise of options during the year was £11,988,052 (2015: nil).

Percentage Change in Remuneration of Chief Executive

The table below shows the percentage change in the remuneration of Charles Wilson, Chief Executive compared to our employees between 2014 and 2016:

	Total Remuneration £000	Variable Element (%)	Percentage increase FY14 to FY16 – Chief Executive (%)	Percentage increase FY14 to FY16 Employees (%)
2014	588	0	0	2.15
2015	588	0	0	2.36

Variable element comprises annual bonus and the long term incentive opportunity delivered via the PSP.

Chief Executive – Seven Year Earnings History

The seven year single total remuneration history of the Chief Executive is shown in the table below:

	2010	2011	2012	2013	2014	2015	2016
Single total figure of remuneration £'000	587	1,637	588	588	588	588	588
Bonus awarded as % of maximum	0	0	0	0	0	0	0
PSP vesting as % of total remuneration	0	64%	0	0	0	0	0

Charles Wilson received a PSP award in July 2008 which vested in July 2011 with a market value on the vesting date of £1,050,000. He has not received any subsequent PSP awards and has not received any bonus payments.

REMUNERATION REPORT CONTINUED

Relative Performance Graph

The Company's performance from 27 March 2009 to 25 March 2016 measured by Total Shareholder Return ('TSR'), is compared in the chart below with the performance of the FTSE 250 Index (excluding investment trusts). This is considered the most appropriate index against which to measure performance following the Company's 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.

The closing mid market price of an Ordinary Share on 25 March 2016 was 163.5p and the price range during the year was 142.4p to 190p.

Relative Importance of Spend on Pay

The table below sets out the actual expenditure of the Group in 2015 and 2016 on employee remuneration and distributions to shareholders, including distributions made as a capital return as well as dividends, and shows the difference in spend between those years:

Item	2016 £m	% Change	2015 £m
Remuneration paid to all employees	295.9	10	269.5
Distributions: Dividend paid to shareholders	65.2	15	56.9
Return of Capital paid to shareholders	61.9	2	60.9

Payments to Past Directors (audited information)

There were no payments made to past Directors in 2016.

Payments for Loss of Office (audited information)

Richard Rose retired from the Board after the AGM on 8 July 2015. He was paid his fee to date of departure, and did not receive any payment for loss of office.

Mark Aylwin stepped down as Managing Director, Booker Direct and as an Executive Director of Booker Group plc with effect from 1 April 2015. Mark Aylwin remained an employee of the Group until 17 August 2015 when his employment terminated. He assisted the Company with an orderly transition and handover of responsibilities, and continued to receive his base salary and contractual benefits in full, until 17 August 2015 when he found alternative employment.

Mark Aylwin received a bonus in respect of the year ended 27 March 2015, which was calculated by reference to the performance targets that applied to the 2014/15 bonus plan and was paid in the normal way in July 2015. He was not entitled to any bonus payment in respect of the 2015/16 financial year. Awards granted under the Booker Group Performance Share Plan 2008 continued to vest during Mark Aylwin's notice period but all unvested awards lapsed on the date his employment terminated. Mark Aylwin's remuneration for the period he was director during 2015 is disclosed in the single figure table.

Bryn Satherley stepped down as Group Operations Director with effect from 1 April 2016 and both his employment and appointment as a director of the Company terminated on that date. He assisted the Company with an orderly transition and handover of responsibilities, and continued to receive his base salary and contractual benefits in full, until 1 April 2016. Bryn Satherley's remuneration for 2016 is disclosed in the single figure table.

Bryn Satherley did not receive a payment for loss of office. He was eligible to receive a bonus in respect of the year ending 25 March 2016, calculated by reference to the performance targets that applied to the 2015/16 bonus plan. This bonus will be paid in the normal way in July 2016. Bryn Satherley will not be entitled to any bonus payment in respect of the 2016/17 financial year. As he retired, Bryn Satherley retained awards granted to him under the Booker Group Performance Share Plan 2008. These awards will vest on the normal vesting date, to the extent the performance conditions are met, and will be pro-rated to reflect the proportion of the vesting period which has elapsed on the date his employment terminated.

The arrangements made in respect of Richard Rose's retirement from the board and the termination of Mark Aylwin and Bryn Satherley's employment are in line with the Remuneration Policy approved by shareholders at the 2014 AGM.

No other payments for loss of office were made in 2016.

REMUNERATION REPORT CONTINUED

Voting at Annual General Meetings

At our most recent AGMs, the annual advisory vote in respect of the Annual Report on Directors' Remuneration was as follows:

AGM	For	Against	Withheld
2015	96.30%	3.70%	65,939,821
2014	99.11%	0.89%	109,949
2013	99.30%	0.70%	15,169,397

There was no binding shareholder vote on the Directors' Remuneration Policy in 2015. The binding shareholder vote on the resolution for the Directors' Remuneration Policy in 2014 was as follows:

AGM	For	Against	Withheld
2014	98.43%	1.57%	51,001,739

Single Total Figure of Remuneration – Non-Executive Directors (audited information)

Non-Executive Director	Fees £'000 2016	Fees £'000 2015	Benefits £'000 2016	Benefits £'000 2015	Total £'000 2016	Total £'000 2015
Richard Rose	48	141	Nil	Nil	48	141
Stewart Gilliland	144	44	Nil	Nil	144	44
Lord Bilimoria	53	46	Nil	Nil	53	46
Helena Andreas	42	43	Nil	Nil	42	43
Andrew Cripps	52	52	Nil	Nil	52	52
Gary Hughes	18	N/A	Nil	N/A	18	N/A
Karen Jones	51	47	Nil	Nil	51	47

Richard Rose retired from the Board after the AGM on 8 July 2015. He was paid his fee to date of departure, and did not receive any payment for loss of office.

Stewart Gilliland was appointed Chairman of the Board from the conclusion of the AGM on 8 July for which he receives a base fee of £180,000.

Gary Hughes was appointed a Non-Executive Director on 3 December 2015.

Non-Executive Directors are paid a fee which is agreed by the Executive Directors and the Chairman of the Board, taking into account fees paid in other companies of similar complexity. These fees also reflect the time commitment and responsibilities of the roles.

Accordingly, higher fees are payable to the Chairman of the Audit Committee (Andrew Cripps), the Chairman of the Remuneration Committee (Karen Jones) and the Chairman of the Nomination Committee (Lord Bilimoria). The Chairman's fees are agreed by the Committee.

Non-Executive Directors' fee levels are reviewed annually. The Executive Directors approved fee increases which took effect from 1 December 2015. These fee increases resulted from a review against the market prompted by our recruitment of Non-Executive Directors during the year, and is in accordance with our Remuneration Policy. The new base fee, senior independent director fee, chair of Committee and committee fees are still at lower quartile for a FTSE350 company.

Non-Executive Directors' Share Interests

Details of the share interests of Non-Executive Directors and their connected persons as at 25 March 2016 are shown below. There has been no change in the interests between 26 March 2016 and 18 May 2016.

	Ordinary Shares in Booker Group plc 24 March 2016	Ordinary Shares in Booker Group plc 27 March 2015
Stewart Gilliland	50,000	50,000
Lord Bilimoria	50,000	50,000
Helena Andreas	10,000	10,000
Andrew Cripps	200,000	200,000
Karen Jones	160,901	154,242
Gary Hughes	40,000	-

REMUNERATION REPORT CONTINUED

Implementation of Remuneration Policy in 2017

We set out below a statement of the implementation of the Directors' Remuneration Policy in 2017.

Executive Directors

Salary

Executive Director salaries were increased during the 52 weeks ended 25 March 2016, as set out on page 54 and will remain at this level from 1 April 2016.

The overall budget for salary increases for Group employees, and the overall increase in the Executive Directors' salaries for 2017 is as follows:

Group Employees	Executive Directors
2%	2%

Charles Wilson, Chief Executive, has chosen not to receive a salary increase.

Bonus

No change to current operation.

PSP

In the context of our future performance goals the Committee will review the targets attached to PSP awards to be granted in 2016.

Non-Executive Directors

Fees

Non-Executive Directorship fees were increased during the 52 weeks ended 25 March 2016, as set out on pages 60 to 61 and will remain at this level from 1 April 2016.

Non-Executive	Basic Fee £'000	Additional Fee As Chairman of Committee £'000			Additional Fee For Representation on Committee £'000			Fee for Senior Independent Director	Total £'000
		Audit	Nomination	Remuneration	Audit	Nomination	Remuneration		
Stewart Gilliland	180	–	–	–	–	3	–	–	183
Lord Billimoria	45	–	6	–	5	–	5	7	68
Helena Andreas	45	–	–	–	–	–	–	–	45
Andrew Cripps	45	10	–	–	–	–	–	–	55
Gary Hughes	45	–	–	–	5	–	5	–	55
Karen Jones	45	–	–	10	–	3	–	–	58

This report was approved by the Board of Directors on 18 May 2016.



Karen Jones CBE

Chairman of the Remuneration Committee

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, including FRS101 'Reduced Disclosure Framework'.

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 responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

The Directors are also 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:

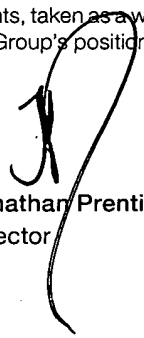
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include 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.

We consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board



Charles Wilson
Director



Jonathan Prentis
Director

18 May 2016

INDEPENDENT AUDITOR'S REPORT

to the members of Booker Group plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Booker Group plc for the period ended 25 March 2016 set out on pages 66 to 104. 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 2016 and of the Group's and the parent company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS101 'Reduced Disclosure Framework'; and
- 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.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

Valuation of the defined benefit pension schemes £29.6m (2015: £19.7m) Risk vs 2015: ◀▶

Refer to page 30 (Audit Committee Report), page 74 (accounting policy) and page 89 (financial disclosures).

The risk – Significant assumptions are made in valuing the Group's defined benefit pension schemes obligations, including in particular the discount rate, inflation rates and the average life expectancy as explained in note 19. Small changes in the assumptions used could have a significant effect on the results and financial position of the Group.

Our response – Our audit procedures included testing of the controls over the maintenance of the schemes' membership data, sample testing from that data to the source documentation establishing the obligation to members. With the support of our own actuarial specialists, we then challenged the key assumptions applied by the Group to that data to determine the net defined benefit obligations. We critically assessed the inflation rates and life expectancy assumptions by comparing them against external market data and industry benchmarks. We also compared the discount and inflation rates used in the valuation of the defined benefit pension schemes against our internally developed benchmarks and with other companies reporting as at March 2016 to ensure that they are consistent with our expectations. In addition, we considered the adequacy of the Group's disclosures in relation to the defined benefit pension schemes.

Property provisions £39.8m (2015: £20.4m) Risk vs 2015: ◀▶

Refer to page 30 (Audit Committee Report), page 77 (accounting policy) and page 92 (financial disclosures).

The risk – The Group has recorded provisions on its leasehold properties as explained in note 20. The estimation of these provisions requires a significant degree of judgement and the use of assumptions, including the expected cash flows associated with the properties over the remaining lease term, the expected utilisation of the properties, expected costs related to dilapidations and to removing asbestos and the rates used to discount future cash flows to account for risk and the time value of money. As such there is a risk that the provisions, and associated charges or credits in the statement of comprehensive income, are materially misstated through the use of inappropriate assumptions and judgement.

Our response – Our procedures included obtaining the financial models used to assess the property provisions and comparing the methodology used to our interpretation of the requirements of the relevant accounting standards. We agreed the data input for a sample of properties, such as lease costs and expiry dates to the original signed lease agreements and expected sub-let income to existing sub-lease income agreements, third party valuation reports or where neither of those were available to the assumptions made by the in-house property specialist. We critically evaluated the discount rates used to discount forecast cash flows associated with the provisions by comparing the specific rates used to market data relevant to those cash flows. We critically evaluated the expected costs included in the models against the historical trend of charges incurred in respect of dilapidations and removing asbestos. We assessed the accuracy of the models by re-performing the calculation of the provisions. We performed sensitivity analysis on the key drivers within the financial models, including discount rates, forecast cash outflow and inflow and property utilisation rates to ascertain the extent of change in those assumptions would be required for the provisions to be further increased or decreased. We also considered the likelihood of such movements in those key assumptions arising. We also considered the adequacy of the Group's disclosures in relation to the property provisions in accordance with the relevant accounting standards.

Acquisition accounting in respect of Booker Retail Partners (GB) Limited ('BRP') £82.8m- net assets (New risk)

Refer to page 30 (Audit Committee Report), page 72 (accounting policy) and page 81 (financial disclosures).

The risk – In September 2015 the Group acquired Booker Retail Partners (GB) Limited, formerly Musgrave Retail Partners GB Limited, from Musgrave Group Plc. Accounting for this acquisition has involved significant judgement in respect of the identification of intangible assets such as brands and customers relationships. It has also included assessing the fair value of the net assets acquired in particular in respect of acquired properties, lease contracts and other property liabilities, working capital, and the calculation of amounts related to defined benefit pension schemes and taxation.

Our response – Our audit procedures included challenging the Directors' assessment of the fair value of the assets acquired and liabilities assumed with reference to evidence provided by third parties (such as property surveyors and actuaries). We critically evaluated the external valuers engaged by the Directors involved in assessing the fair value of properties and amounts related to defined benefit pension schemes.

We also used our own specialists to challenge the acquisition accounting including the amounts related to defined benefit pension schemes and taxation, and the identification of intangible assets. We have also considered the adequacy of the Group's disclosures in respect of the acquisition of BRP.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £7.6m (2015: £7.1m), determined with reference to a benchmark of Group profit before tax of £150.8m (2015: £138.8m), of which it represents 5.0% (2015: 5.1%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.35m (2015: £0.35m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's seven reporting components, we subjected four to audits for Group reporting purposes and the remaining three to reviews (including enquiry) of financial information. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but provided us with additional audit coverage. Our work covered 100% of the Group's profit before tax, revenues and total assets (2015: 100%).

The Group audit team carried out the work on all the components at the Group's offices in Wellingborough, Deeside, Uxbridge and Eccles. Component materialities ranged between £1.1m and £6m (2015: between £5m and £6m).

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

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

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Strategic Report on pages 1 to 17, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 2019; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

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.

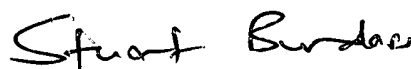
Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 17, in relation to going concern and longer term viability; and
- the part of the Corporate Governance Statement on page 22 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

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. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

18 May 2016

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 25 March 2016

	Note	52 weeks ended 25 March 2016		52 weeks ended 27 March 2015	
		Before exceptional items £m	Exceptional items (Note 4) £m	Total £m	Total £m
Revenue		4,991.5	–	4,991.5	4,753.0
Cost of sales		(4,737.9)	–	(4,737.9)	(4,524.8)
Gross profit		253.6	–	253.6	228.2
Administrative expenses		(98.5)	(2.3)	(100.8)	(87.9)
Operating profit		155.1	(2.3)	152.8	140.3
Finance costs	6	(2.6)	–	(2.6)	(2.0)
Finance income	6	0.6	–	0.6	0.5
Profit before tax	4	153.1	(2.3)	150.8	138.8
Tax	7	(23.0)	–	(23.0)	(21.1)
Profit for the period attributable to the owners of the Group		130.1	(2.3)	127.8	117.7
Earnings per share (Pence)					
Basic	8			7.24p	6.73p
Diluted	8			7.15p	6.63p

All of the Group's operations during the period shown above represent continuing operations.

There were no exceptional items in the period ended 27 March 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 25 March 2016

	Note	52 weeks ended 25 March 2016 £m	52 weeks ended 27 March 2015 £m
Profit for the period		127.8	117.7
Items that will not be reclassified to profit or loss			
Remeasurements of the pension scheme	18	(23.0)	(18.5)
Tax on pension scheme remeasurements	7, 13	3.1	3.7
Total other comprehensive expense		(19.9)	(14.8)
Total comprehensive income for the period attributable to the owners of the Company		107.9	102.9

CONSOLIDATED BALANCE SHEET

As at 25 March 2016

	Note	25 March 2016 £m	27 March 2015 £m
ASSETS			
Non-current assets			
Property, plant and equipment	10	229.8	207.1
Intangible assets	11	466.7	439.8
Investment in joint venture	12	1.5	1.4
Deferred tax asset	13	25.3	28.1
		723.3	676.4
Current assets			
Inventories	14	354.1	328.1
Trade and other receivables	15	180.9	124.5
Cash and cash equivalents		127.4	147.0
		662.4	599.6
Total assets		1,385.7	1,276.0
LIABILITIES			
Current liabilities			
Trade and other payables	16	(677.9)	(586.0)
Current tax		(21.2)	(19.9)
		(699.1)	(605.9)
Non-current liabilities			
Other payables	16	(26.0)	(26.9)
Retirement benefit liabilities	18	(29.6)	(19.7)
Provisions	19	(40.8)	(25.4)
		(96.4)	(72.0)
Total liabilities		(795.5)	(677.9)
Net assets		590.2	598.1
EQUITY			
Share capital	20	17.7	17.6
Share premium		44.0	41.2
Merger reserve		260.8	260.8
Capital redemption reserve		122.8	60.9
Other reserves		14.0	75.8
Share option reserve		12.4	11.2
Retained earnings		118.5	130.6
Total equity attributable to the owners of the Company		590.2	598.1

These financial statements were approved by the Board of Directors on 18 May 2016 and were signed on its behalf by:



Charles Wilson
Director



Jonathan Prentis
Director

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 25 March 2016

	Note	52 weeks ended 25 March 2016 £m	52 weeks ended 27 March 2015 £m
Cash flows from operating activities			
Profit before tax		150.8	138.8
Depreciation	10	23.5	20.3
Amortisation	11	1.2	0.9
Net finance costs		2.0	1.5
Loss on disposal of property, plant and equipment		0.1	0.2
Equity settled share based payments		6.9	5.3
Decrease/(increase) in inventories		4.0	(0.5)
Increase in debtors		(7.7)	(10.9)
Increase/(decrease) in creditors		19.8	(1.9)
Contributions to pension scheme	18	(0.8)	(2.4)
Decrease in provisions	19	(5.7)	(1.4)
Net cash flow from operating activities		194.1	149.9
Net interest paid		(0.2)	(0.2)
Tax paid		(18.8)	(15.1)
Cash generated from operating activities		175.1	134.6
Cash flows from investing activities			
Acquisition of property, plant and equipment		(25.2)	(23.6)
Acquisition of subsidiary, net of cash acquired	9	(44.5)	–
Acquisition of intangible asset		(1.0)	(1.0)
Investment in joint venture		(0.1)	(0.3)
Sale of property, plant and equipment		0.3	0.5
Net cash outflow from investing activities		(70.5)	(24.4)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2.9	5.0
Redemption of B shares	22	(61.9)	(60.9)
Dividends paid	22	(65.2)	(56.9)
Net cash outflow from financing activities		(124.2)	(112.8)
Net decrease in cash and cash equivalents		(19.6)	(2.6)
Cash and cash equivalents at the start of the period		147.0	149.6
Cash and cash equivalents at the end of the period		127.4	147.0

Reconciliation of net cash flow to movement in net cash in the period

	£m	£m
Net decrease in cash and cash equivalents	(19.6)	(2.6)
Opening net cash	147.0	149.6
Net cash at the end of the period	127.4	147.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

52 weeks ended 25 March 2016

	Note	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At 27 March 2015		17.6	41.2	260.8	60.9	75.8	11.2	130.6	598.1
Profit for the period		-	-	-	-	-	-	127.8	127.8
Remeasurements of the pension scheme	18	-	-	-	-	-	-	(23.0)	(23.0)
Tax on pension scheme remeasurements	7, 13	-	-	-	-	-	-	3.1	3.1
Total comprehensive income for the period		-	-	-	-	-	-	107.9	107.9
Transactions with owners:									
Dividends to shareholders	22	-	-	-	-	-	-	(65.2)	(65.2)
Issue B shares	22	-	-	-	-	(61.8)	-	-	(61.8)
Redemption of B shares	22	-	-	-	61.9	-	-	(61.9)	-
Share options exercised		0.1	2.8	-	-	-	(5.7)	5.7	2.9
Share based payments	23	-	-	-	-	-	6.9	-	6.9
Tax on share schemes	7	-	-	-	-	-	-	1.4	1.4
Total transactions with owners		0.1	2.8	-	61.9	(61.8)	1.2	(120.0)	(115.8)
At 25 March 2016		17.7	44.0	260.8	122.8	14.0	12.4	118.5	590.2

52 weeks ended 27 March 2015

	Note	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At 28 March 2014		17.4	36.4	260.8	-	136.8	8.5	136.7	596.6
Profit for the period		-	-	-	-	-	-	117.7	117.7
Remeasurements of the pension scheme	18	-	-	-	-	-	-	(18.5)	(18.5)
Tax on pension scheme remeasurements	7, 13	-	-	-	-	-	-	3.7	3.7
Total comprehensive income for the period		-	-	-	-	-	-	102.9	102.9
Transactions with owners:									
Dividends to shareholders	22	-	-	-	-	-	-	(56.9)	(56.9)
Issue B shares	22	-	-	-	-	(61.0)	-	-	(61.0)
Redemption of B shares	22	-	-	-	60.9	-	-	(60.9)	-
Share options exercised		0.2	4.8	-	-	-	(2.6)	2.6	5.0
Share based payments	23	-	-	-	-	-	5.3	-	5.3
Tax on share schemes	7	-	-	-	-	-	-	6.2	6.2
Total transactions with owners		0.2	4.8	-	60.9	(61.0)	2.7	(109.0)	(101.4)
At 27 March 2015		17.6	41.2	260.8	60.9	75.8	11.2	130.6	598.1

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General information

a) 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 Strategic and Directors' Reports.

b) 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 2016 ('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') including FRS101 'Reduced Disclosure Framework'.

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 period have been prepared for a 52 week period to reflect internal management reporting.

c) Basis of consolidation

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 Booker Wholesale Holdings Limited. IFRS3 '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.

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the relevant 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.

d) Accounting standards adopted in the period

The following Adopted IFRSs have been issued and applied by the Group in these financial statements for the first time. Their adoption does not have a material effect on the financial statements unless otherwise indicated:

New standards: None

Amendments and interpretations:

- Amendments to IAS19 'Defined benefit plans: Employee contributions'
- Annual Improvements to IFRSs 2010-12 cycle
- Annual Improvements to IFRSs 2011-13 cycle

Their adoption does not have a material effect on the financial statements.

e) 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 but have not yet been endorsed by the European Union as follows:

	Effective for accounting periods starting on or after
IFRS14 'Regulatory Deferral Accounts'	1 January 2016
Amendments to IFRS10, IFRS12 and IAS28 'Investment Entities: Applying the Consolidation Exception'	1 January 2016
Amendments to IAS16 and IAS28 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
Amendments to IFRS11 'Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016
IFRS15 'Revenue from Contracts with Customers'	1 January 2018
IFRS9 'Financial Instruments'	1 January 2018
IFRS16 'Leases'	1 January 2019

The application of these standards and interpretations is not anticipated to have a material effect on the Group's financial statements, other than IFRS16 'Leases' which is currently being assessed.

f) Going concern

The risks noted in the Strategic Report are those known to the Directors at the date of this Report which the Directors consider to be material to the Group, but these do not necessarily comprise all the 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.

In August 2015, the Group negotiated an unsecured bank facility of £120m for a period of 5 years. At the period end, the Group had net cash of £127.4m. In addition, the Group complied with all its covenants during the year. 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 bank facility.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Group and Company financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

1. General information continued

g) 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 considered to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Some of these policies require a high level of judgement and the Directors believe that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for:

- 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. Judgement is applied in determining whether leases are onerous. Whilst every effort is made to profitably sub-let 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). 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 consider that their estimates, which are based upon the advice of an in-house property department who monitor the UK property market, are appropriate.
- IFRS3 'Business Combinations'. Following the acquisition of Booker Retail Partners (GB) Limited and its subsidiaries, the Directors are required to fair value the assets and liabilities at the date of acquisition. There is an exercise of judgement involved in identifying and valuing the assets acquired. A summary of the assets and liabilities and the fair value adjustments are disclosed in note 9.
- IAS19 'Employee benefits'. Defined benefit schemes are accounted for in accordance with the advice of an independent qualified actuary but significant estimates are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations. Sensitivities in relation to key assumptions are disclosed in note 18.
- IAS36 'Impairment of assets'. In testing for impairment of goodwill and other assets, the Directors make judgements in determining the cash generating units ('CGUs') within the Group and allocating goodwill to these CGUs. They then make assumptions concerning the future development of the CGUs 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 2016, the Directors do not consider that any reasonably likely changes in key assumptions would cause the carrying value of the goodwill to become impaired. Sensitivities in relation to key assumptions are disclosed in note 11.
- 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. Similarly, the Directors are required to make an assessment of the quantum and timing of any future utilisation of Advanced Corporation Tax ('ACT') and will only recognise ACT when they are certain that it can be utilised.

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 IFRS1, 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 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.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

b) Other intangibles

Customer relationships and know-how are capitalised and amortised on a straight-line basis over 5 years, which is considered to be the useful economic life, and charged to administrative expenses.

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.

Cost of sales

Cost of sales represents all costs incurred, net of supplier rebates (see below), up to the point of sale including the operating expenses of the trading outlets.

Supplier rebates

A number of different types of rebate are negotiated with suppliers in connection with the purchase of goods for resale. Such rebates are only recognised when earned by the Group, which occurs when all obligations conditional for earning the rebate have been discharged, and the rebate can be measured reliably based on the terms of the contract. These rebates are recognised as a credit within cost of sales and, to the extent that the rebate relates to unsold stock purchases, as a reduction in the cost of inventory.

There are two main types of supplier rebates:

- Terms, which are generally annual agreements (not always coterminous with the Group's year end), are signed by the Group and the supplier. Rebates are determined relative to volumes purchased or by other conditional arrangements as follows:
 - Volume based rebates include overrides, advertising allowances and targeted income. Rebates are accrued based on the Group's purchasing volumes and the current agreement with the supplier. Amounts are recognised once confirmation of agreement to that rebate has been received from the supplier
 - Non-volume based rebates include marketing support, range promotion and product development. Amounts are recognised when the rebate is earned through the completion of any required obligations and confirmed by suppliers

Invoices are issued to suppliers periodically, quarterly or annually, depending on the terms of the agreement.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Supplier rebates continued

- b) Promotional funding, which relates to price investments by suppliers through promotional activity. The calculation of funding is mechanical and based on a formula agreed in advance of each promotion with the supplier. Funding is recognised in the Income Statement as units are sold and is invoiced throughout the year, shortly after each promotion has ended.

Amounts relating to supplier rebates appear in a number of different balance sheet headings at the year end:

- Inventories: Where the rebate earned relates to inventories which are held by the Group at year end, the rebates are deducted from the cost of those inventories
- Trade receivables: Billed supplier rebates outstanding at the period end where the Group has no legal right to offset against trade payables
- Trade payables: Billed supplier rebates outstanding when the Group has a legal right to offset against payables
- Prepayments and accrued income: amounts due from suppliers in relation to supplier rebates which has been recognised but not yet invoiced
- Accruals and deferred income: amounts received in relation to supplier rebates that have not been earned at the year end

Employee benefits

a) 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, based on related service and non-market vesting conditions that are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

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

b) Defined contribution plans

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

c) 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 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 defined benefit obligation calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses were recognised as at 1 April 2006, the date of transition to Adopted IFRSs. 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.

Under IAS 19 (2011), the Group determines the net interest expense/(income) for the period on the net defined benefit liability/asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contributions and benefit payments.

d) Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. An accrual 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.

Exceptional items

As permitted by IAS1 'Presentation of financial statements', an item is disclosed separately if it is considered unusual by its nature and scale, and is of such significance that separate disclosure is required for the financial statements to be properly understood. Such items are referred to as exceptional items.

Financial instruments

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 exchange 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.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, available for sale financial assets, cash and cash equivalents, loans and borrowings, and trade and other payables.

a) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

b) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

c) 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.

d) Interest-bearing borrowings

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

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 IAS37 '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 impairment. In performing the impairment reviews, 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on either the weighted average principle or the FIFO basis and includes certain warehousing and distribution costs incurred in bringing the inventory to their existing location and condition less attributable supplier volume rebates (see above). Net realisable value is the estimated selling price less the estimated costs of disposal.

Investment in joint ventures

The Group conducts its joint venture arrangements through jointly controlled entities and accounts for them using the equity method of accounting. The Group records its share of the joint controlled entities' post tax profit or loss within the income statement and its share of the net assets within investments. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Leases

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 relative to the lease payments change. 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.

Net financing costs

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

Operating segments

IFRS8 'Operating Segments' requires that segments should be reported on the same basis as the internal reporting information that is provided to the Chief Operating Decision Maker ('CODM'). The CODM has been identified as the CEO. In accordance with IFRS8, the Group may aggregate operating segments into one reportable segment to the extent that the criteria for aggregation in IFRS8 are met. These criteria include consideration of whether the operating segments have similar economic characteristics; similar nature of products and services; similar type or class of customers; similar methods used to distribute products or provide services; and similar regulatory environments.

The CODM receives turnover information analysed in a number of different ways (for example by customer and product types, by delivery channels and between Wholesale, Booker Direct, Chef Direct, and Ritter-Courivaud). However, none of these 'possible' segments have a unique management structure, products share the same supply chain and distribution channels, and there are a large amount of supplier rebates, expenses and assets/(liabilities) that are not specific. It is therefore not possible to analyse, and the CODM does not receive, information in respect of profitability or balance sheets in the same way in which turnover is analysed. Internal reports reviewed regularly by the CODM focus on the operations of the Group as a whole and report the results and financial position on an IFRS basis.

As a result, the Group has not disclosed discrete financial information about any of the 'possible segments', which in any event would meet the criteria for aggregation under IFRS8, separately in these financial statements.

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. The estimated useful lives are as follows:

- | | |
|--------------------------|--|
| • Freehold buildings | 30 years |
| • Leasehold improvements | lesser of the unexpired term of the lease and 50 years |
| • Plant and equipment | 3–20 years |
| • Motor vehicles | 4 years |

Freehold land is not depreciated.

Depreciation expense is primarily charged in cost of sales with an immaterial amount in administrative expenses.

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.

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, or to the extent it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

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

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

3. Segmental reporting

The Group has considered the principles of IFRS8 as well as its internal reporting, management and operating structure. The Directors' conclusion is that the Group has a single reportable segment, that of wholesaling activities.

Other than the operation in India (which is immaterial), all of the Group's revenue originates from the UK. The functional currency of the Indian operation is Rupees.

The Group has no significant reliance on any individual customers.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

4. Profit before tax

This is stated after charging:

	2016 £m	2015 £m
Depreciation of property, plant and equipment (see note 10)	23.5	20.3
Amortisation of intangibles (see note 11)	1.2	0.9
Operating lease rentals – land and buildings	55.0	48.0
Operating lease rentals – plant and machinery	20.4	15.9

During the period, the Group incurred the following costs for services provided by the Company's auditor:

Audit fees for the Company and the consolidated financial statements	0.1	0.1
Audit of subsidiary companies	0.4	0.2
Total audit fees	0.5	0.3
Taxation advisory services	0.1	–
Corporate finance and transaction services	0.2	–
	0.8	0.3

Exceptional items

	2016 £m	2015 £m
Included within administrative expenses:		
Restructuring costs	4.0	–
Acquisition costs	2.3	–
Release of other provisions (see note 19)	(4.0)	–
	2.3	–

Restructuring costs of £4.0m relate primarily to redundancy costs to align staffing levels across the branch network. Acquisition costs were incurred during the acquisition of BRP (see note 9) and were, in the main, fees in relation to legal and professional services. The £4.0m release of other provisions stems from a reassessment of the likelihood of crystallisation of certain liabilities reserved for many years ago.

5. Staff numbers and costs

The average number of persons employed by the Group during the period (including Booker Retail Partners (GB) Limited from 14 September 2015), was as follows:

	2016 Number	2015 Number
Business centre, distribution and selling	12,042	11,946
Administration	1,102	868
	13,144	12,814

The aggregate payroll costs of these persons (including Booker Retail Partners (GB) Limited from 14 September 2015) were as follows:

	£m	£m
Wages and salaries	261.3	237.8
Social security costs	21.3	21.1
Equity settled share based payments	6.9	5.3
Other pension costs	6.4	5.3
	295.9	269.5

Details of Directors' remuneration are provided in the Remuneration Report.

6. Finance costs and income

	2016 £m	2015 £m
Interest on bank loans and overdrafts	(0.8)	(0.7)
Interest on pension scheme liabilities	(0.5)	–
Unwinding of discount on property provisions (see note 19)	(1.3)	(1.3)
Finance costs	(2.6)	(2.0)
Bank interest receivable	0.6	0.5
Finance income	0.6	0.5
Net finance costs	(2.0)	(1.5)

7. Tax

i) Analysis of charge in the period

	2016 £m	2015 £m
Arising in respect of current period		
Current tax	27.7	26.2
Deferred tax	(1.7)	0.5
	26.0	26.7
Arising in respect of prior periods		
Overstatement in respect of prior period current tax	(3.6)	(5.3)
Over/(understatement) in respect of prior period deferred tax asset	0.6	(0.3)
	(3.0)	(5.6)
Total tax charge	23.0	21.1

UK corporation tax is calculated at 20% (2015: 21%) of the estimated assessable profit for the period. Taxation in other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

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:

	2016 £m	2015 £m
Profit after exceptional items and tax	150.8	138.8
Tax using the current UK corporation tax rate of 20% (2015: 21%)	30.2	29.1
Non-deductible expenses	0.6	1.7
Over/(understatement) of prior year deferred tax asset	0.6	(0.3)
Overstatement of prior year current tax	(2.1)	(2.8)
Overstatement of prior year current tax – ACT utilisation	(1.5)	(2.5)
Recognition/utilisation of previously unrecognised tax losses	(6.1)	(4.1)
Impact of change in future tax rates	1.3	–
Total tax charge	23.0	21.1
Effective tax rate	15.3%	15.2%

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

7. Tax continued

iii) Tax in the statement of comprehensive income

	2016 £m	2015 £m
Deferred tax credit on:		
Pension scheme remeasurements	3.1	3.7

iv) Tax in the statement of changes in equity

	2016 £m	2015 £m
Deferred tax credit on share options granted	(2.6)	4.5
Current tax credit on share options exercised	4.0	1.7
	1.4	6.2

v) Factors that may affect future current and total tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 25 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This, if enacted, will reduce the group's future current tax charge and the value of its deferred tax asset accordingly.

8. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the Group by the weighted average number of ordinary shares outstanding during the period.

	2016	2015
Profit for the period attributable to the owners of the Group (£m)	127.8	117.7
Weighted average number of shares (m)	1,765.2	1,748.1
Basic earnings per share (pence)	7.24p	6.73p

b) Diluted earnings per share

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. 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 IAS33 'Earnings per Share'.

	2016	2015
Profit for the period attributable to the owners of the Group (£m)	127.8	117.7
Weighted average number of shares (m) used in basic EPS	1,765.2	1,748.1
Effects of employee share options (m)	22.4	26.7
Weighted average number of shares (m) used in diluted EPS	1,787.6	1,774.8
Diluted earnings per share (pence)	7.15p	6.63p

9. Business combination

On 14 September 2015, the Group acquired the entire share capital of Musgrave Retail Partners GB Limited and its subsidiaries ('Budgens and Londis') for £40m on a cash/debt free basis with a normalised working capital level. This resulted in overall consideration of £110.9m being the sum of £40.0m plus net cash acquired of £66.4m and a working capital adjustment of £4.5m. Originally, it was acquired by Booker Group plc, but this was subsequently transferred to Booker Wholesale Holdings Ltd.

Through Booker, Budgens and Londis coming together, the Group seeks to become the UK's leading wholesaler to independent retailers by:

- combining the best ranges from Booker, Budgens and Londis to improve the overall choice;
- consolidating buying volumes to improve prices for customers; and
- better utilisation of the supply chain network to reduce costs.

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

	Book value £m	Fair value adjustments £m	Fair value £m
Property, plant and equipment	18.6	2.8	21.4
Inventories	30.9	(0.9)	30.0
Trade and other receivables	53.2	(4.5)	48.7
Cash & cash equivalents	66.4	–	66.4
Trade and other payables	(71.7)	(0.6)	(72.3)
Provisions	(15.8)	(4.0)	(19.8)
Retirement benefit asset	2.3	10.5	12.8
Deferred tax liability	–	(4.4)	(4.4)
Net fair value of identifiable assets and liabilities	83.9	(1.1)	82.8
Goodwill			28.1
Cash consideration			110.9

The fair value adjustments made on acquisition have primarily had the effect of:

- increasing the property valuations;
- increasing the pension surplus to reflect valuations of the schemes in accordance with IAS19;
- increasing provisions in respect of rents that are not in line with the market rent; and
- providing for deferred tax liabilities in respect of the above adjustments.

The goodwill is underpinned by the synergies that the Group is expected to obtain from improved cost prices from suppliers and logistics efficiencies. None of the goodwill recognised will be deductible for tax purposes.

In the 28 weeks to 25 March 2016, BRP contributed turnover of £340.9m and, a loss (before synergies and accounting policy alignment) before interest, tax and exceptional items of £7.5m.

Turnover for the 52 weeks to 25 March 2016 was £680.0m with a loss (before synergies and accounting policy alignment) before interest, tax and exceptional items of £9.7m.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

10. Property, plant & equipment

	Freehold land and buildings £m	Leasehold improvements £m	Plant, equipment & vehicles £m	Total £m
Cost				
At 28 March 2014	109.2	75.4	272.3	456.9
Additions	1.3	6.4	15.9	23.6
Disposals	(0.5)	–	(1.3)	(1.8)
Reclassification	(6.6)	7.0	(0.4)	–
At 27 March 2015	103.4	88.8	286.5	478.7
Additions	0.5	8.4	16.3	25.2
Disposals	(1.8)	(0.2)	(3.1)	(5.1)
Reclassification	–	0.5	(0.5)	–
Acquired	10.0	2.8	8.6	21.4
At 25 March 2016	112.1	100.3	307.8	520.2
Depreciation				
At 28 March 2014	3.0	40.7	208.7	252.4
Charge for the period	3.7	5.3	11.3	20.3
Disposals	–	–	(1.1)	(1.1)
At 27 March 2015	6.7	46.0	218.9	271.6
Charge for the period	2.5	6.9	14.1	23.5
Disposals	(1.7)	(0.1)	(2.9)	(4.7)
At 25 March 2016	7.5	52.8	230.1	290.4
Net book value				
At 25 March 2016	104.6	47.5	77.7	229.8
At 27 March 2015	96.7	42.8	67.6	207.1
At 28 March 2014	106.2	34.7	63.6	204.5

The cost of freehold land and buildings includes land of £49.0m (2015: £47.0m) on which depreciation is not provided.

11. Intangible assets

	Goodwill £m	Customer relationships £m	Know-how £m	Total £m
Cost				
At 28 March 2014	436.4	0.5	3.0	439.9
Additions	–	–	2.0	2.0
At 27 March 2015	436.4	0.5	5.0	441.9
Additions	28.1	–	–	28.1
At 25 March 2016	464.5	0.5	5.0	470.0
Amortisation				
At 28 March 2014	–	0.4	0.8	1.2
Charge for the period	–	0.1	0.8	0.9
At 27 March 2015	–	0.5	1.6	2.1
Charge for the period	–	–	1.2	1.2
At 25 March 2016	–	0.5	2.8	3.3
Net book value				
At 25 March 2016	464.5	–	2.2	466.7
At 27 March 2015	436.4	–	3.4	439.8
At 28 March 2014	436.4	0.1	2.2	438.7

Goodwill arose in the Group from the following:

- the acquisition of Budgens and Londis in September 2015 (see note 9);
- the acquisition of the Big Food Group Limited by Giant Topco Limited in February 2005; and
- the acquisition of Ritter-Courivaud Limited in October 2010.

During the prior period, the Group paid £1m, with a further £1m of contingent consideration payable in accordance with the procurement agreement with Provenance Too Limited which holds the intellectual property in Provenance Limited. Provenance Too Limited has no other assets or liabilities and the entire consideration has been classified as know-how, since the Group has acquired expertise in the sourcing and supply of 'Fruit and vegetables'.

Under IAS36 'Impairment of Assets', the Group is required to test goodwill for impairment at least annually, or more frequently if indicators of impairment exist. Impairment reviews compare the carrying value of goodwill, other intangible fixed assets and net operating assets 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 pre-tax cash flow projections of each CGU based on the Group's approved budget for 2017 and three year plan to 2019. Cash flows beyond this period are extrapolated into perpetuity using an estimated growth rate of 2% (2015: 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 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

11. Intangible assets continued

The Directors believe that three CGUs exist within the Group:

a) Ritter – goodwill allocated £12.5m (2015: £12.5m)

A pre tax discount rate of 9.4% (2015: 9.7%) 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, neither a 10% increase in the pre-tax discount rate, nor a decline in growth of 10% into perpetuity, would require an impairment to be made.

b) Budgens and Londis – goodwill allocated £3.1m (2015: n/a)

A pre tax discount rate of 12.0% 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, neither a 10% increase in the pre-tax discount rate, nor a decline in growth of 10% into perpetuity, would require an impairment to be made.

c) Remaining business – goodwill allocated £448.9m (2015: £423.9m)

A pre tax discount rate of 9.5% (2015: 9.7%) 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, neither a 10% increase in the pre-tax discount rate, nor a decline in growth of 10% into perpetuity, would require an impairment to be made.

Last year, the Directors identified Makro as a CGU. Over the last 12 months this business has been fully integrated into the Booker network, with customers being moved between branches to ensure the most efficient result for the Group and the customer. It is therefore no longer considered to be a CGU as it does not generate independent cash inflows.

The Directors believe that the assumptions on which the carrying value of intangible and net operating assets is supported are reasonable and that no impairment is required.

12. Investment in joint venture

	2016 £m	2015 £m
At start of period	1.4	1.1
Addition	0.5	0.7
Share of loss for the period	(0.4)	(0.4)
At end of period	1.5	1.4

During the period the Group invested £0.5m in its joint venture Booker Satnam Wholesale Private Limited. Whilst at the year end, the Group owned 85% (2015: 83%) of the share capital, the Group has joint control through the contractually agreed sharing of control. The share of loss for the period has been included within administrative expenses and has not been disclosed separately on the face of the income statement in view of its materiality.

13. Deferred tax assets and liabilities

a) Recognised deferred tax assets

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

	Decelerated tax depreciation £m	Other items £m	Retirement benefit obligations IAS19 £m	Property leases IAS17 £m	Trading losses £m	Share based payments IFRS2 £m	Total £m
At 28 March 2014	11.7	0.7	0.7	3.1	2.0	1.9	20.1
(Over)/understatement in respect of prior year deferred tax	–	1.0	–	–	(0.7)	–	0.3
Credit/(charge) to the income statement	(0.2)	0.2	(0.5)	–	(0.5)	0.5	(0.5)
Exceptional tax charge							
Credit to equity	–	–	3.7	–	–	4.5	8.2
At 27 March 2015	11.5	1.9	3.9	3.1	0.8	6.9	28.1
On acquisition of Budgens & Londis	–	0.1	(4.5)	–	–	–	(4.4)
Over/(understatement) in respect of prior year deferred tax	–	–	–	–	(0.6)	–	(0.6)
Credit/(charge) to the income statement	(1.1)	(0.6)	0.1	(3.1)	6.3	0.1	1.7
Credit to equity	–	–	3.1	–	–	(2.6)	0.5
At 25 March 2016	10.4	1.4	2.6	–	6.5	4.4	25.3

IAS12 'Income Taxes' requires the offsetting of balances within the same tax jurisdiction. All of the deferred tax assets were available for offset against deferred tax liabilities.

b) 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:

	2016 £m	2015 £m
Tax losses	16.0	16.7
Surplus ACT carried forward	23.7	25.2
Surplus capital allowances	7.9	–
	47.6	41.9

The Group has unrecognised deferred tax assets:

- unutilised tax trading losses from both UK and overseas operations of £77.2m, £16.0m cash benefit, (2015: £76.9m, £16.7m cash benefit) which includes £29m, £5.2m cash benefit, acquired during the year;
- surplus ACT of £23.7m, £23.7m cash benefit (2015: £25.2m, £25.2m cash benefit); and
- surplus capital allowances over accounting depreciation charged of £44.0m, cash benefit £7.9m which were acquired during the year.

These have not been recognised following a detailed assessment by the Group in accordance with the accounting policy set out in note 2.

The tax trading losses have various expiry dates the earliest of which, in respect of £1.2m of the losses, is 31 March 2018. There are no expiry dates attributed to the surplus ACT nor in respect of £59.8m of the tax losses.

The Group does not have any unremitted overseas earnings.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

14. Inventories

	2016 £m	2015 £m
Goods held for resale	354.1	328.1

15. Trade and other receivables

	2016 £m	2015 £m
Trade receivables	132.2	78.7
Allowance for doubtful debts	(10.6)	(4.3)
	121.6	74.4
Prepayments and accrued income	59.3	50.1
	180.9	124.5

Trade receivables of £121.6m (2015: £74.4m) comprise principally of amounts receivable from the sale of goods and are classified as loans and receivables in note 17. All amounts are expected to be received within twelve months.

The movement in the allowance for doubtful debts is as follows:

	2016 £m	2015 £m
At start of period	4.3	4.3
Acquired	6.4	–
Utilised in the period	(0.8)	(1.0)
Charged to income statement	0.7	1.0
	10.6	4.3

16. Trade and other payables

	2016 £m	2015 £m
i) Current		
Trade payables	573.3	505.4
Other taxes and social security costs	36.7	30.1
Other payables	6.6	7.2
Accruals and deferred income	61.3	43.3
	677.9	586.0
ii) Non-Current		
Accruals and deferred income	26.0	26.9

£616.6m (2015: £542.7m) of trade and other payables are classified under financial liabilities in note 17.

The non-current accruals and deferred income relate to lease incentives and guaranteed minimum lease payments, which are accounted for on a straight line basis in accordance with the Group's accounting policy.

17. 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:

	Book value		Fair value	
	2016 £m	2015 £m	2016 £m	2015 £m
Financial assets				
Loans and other receivables	121.6	74.4	121.6	74.4
Cash and cash equivalents	127.4	147.0	127.4	147.0
	249.0	221.4	249.0	221.4
Financial liabilities				
Trade and other payables	(616.6)	(542.7)	(616.6)	(542.7)
Property guarantees	(1.0)	(5.0)	(1.0)	(5.0)
	(617.6)	(547.7)	(617.6)	(547.7)

Loans and other receivables represent amounts receivable from the sale of goods, together with amounts due from supplier rebates (see note 15) and are initially measured at fair value and then subsequently held at amortised cost.

Fair value of property guarantees have been estimated by discounting estimated future cash flows based on the terms and maturity and risk of each guarantee crystallising.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2016				
Financial assets	–	249.0	–	249.0
Financial liabilities	–	(617.6)	–	(617.6)
2015				
Financial assets	–	221.4	–	221.4
Financial liabilities	–	(547.7)	–	(547.7)

There have been no transfers between categories during the period.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

17. Financial instruments continued

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.

In August 2015, the Group negotiated an unsecured bank facility of £120m for a period of 5 years. The revolving credit facility bears floating interest rates linked to LIBOR plus a margin of 0.8%. In the event of default of covenants on the bank facility, any drawn facility and any interest accrued are repayable on demand.

	2016 £m	2015 £m
Facility available	120.0	120.0
Bank guarantees	–	(7.0)
Undrawn facility available	120.0	113.0

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
2016					
Trade and other payables	616.6	–	–	–	–
2015					
Trade and other payables	542.7	–	–	–	–

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.

Interest rate risk

Interest rate risk is relatively small to the Group, as there are no fixed borrowings and the revolving credit facility is only partially drawn for a small part of the year. Therefore the Group has chosen not to hedge its borrowings.

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 £127.4m of net cash as at 25 March 2016 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.

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 £6.4m (2015: £5.3m) were charged to defined contribution schemes in the period. Included within accruals is £0.5m (2015: £0.4m) of outstanding pension contributions.

Defined benefit schemes

The Group operates a number of defined benefit pension schemes, the assets of which are held in separate trustee-administered funds to meet future benefit payments.

The main Group pension scheme is the Booker Pension Scheme ('the Booker Scheme'), a funded defined benefit pension arrangement based on final salary and which was closed to new entrants in 2001 with benefits ceasing to accrue from 2002. However, active members' benefits retain a link to their final salaries.

On 14 September 2015 the Group acquired Musgrave Retail Partners GB Limited, which operates the Budgens Pension Scheme ('the Budgens Scheme') and the Londis Pension Scheme ('the Londis Scheme'), both trust based occupational defined benefit pension schemes. The Londis Scheme was closed to new entrants in 1991 and future benefit accrual in 2009. The Budgens Scheme closed to both new entrants and future accrual in 2010, albeit active member's benefits retain a link to their final salaries.

The benefit obligations as at 25 March 2016 have been calculated by an independent actuary on an IAS19 basis, by rolling forward from the results of the latest actuarial funding valuation, which is 31 March 2013, 31 March 2015 and 1 April 2014 for the Booker Scheme, the Budgens Scheme and the Londis Scheme respectively.

The present value of the defined benefit obligation has been calculated using the projected unit credit method.

(a) Major assumptions used by the actuary – weighted average

	2016	2015
Discount rate	3.50%	3.40%
RPI inflation	3.00%	2.95%
CPI inflation	2.00%	1.95%
Rate of increase in salaries	2.00%	1.95%
Pension increases in payment	2.95%	2.90%

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

		2016	2015
Aged 65 retiring immediately (current pensioner)	Male	21.6	21.5
	Female	23.9	23.7
Aged 40 retiring at 65 (future pensioner)	Male	23.4	22.7
	Female	25.8	25.1

At 25 March 2016, the weighted average duration of the defined benefit obligation is approximately 16 years.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

18. Post employment benefits continued

Defined benefit schemes continued

(b) The amounts recognised in the balance sheet

	Booker £m	Budgens & Londis £m	2016 £m	2015 £m
Equities	99.8	27.2	127.0	110.4
Diversified growth funds	143.7	8.3	152.0	151.3
Bonds	303.1	54.6	357.7	328.5
Property	44.6	–	44.6	51.5
Cash	3.8	0.1	3.9	7.8
Fair value of scheme assets	595.0	90.2	685.2	649.5
Present value of defined benefit obligation	(640.2)	(74.6)	(714.8)	(669.2)
Net (liability)/asset	(45.2)	15.6	(29.6)	(19.7)

The fair value of the assets was provided by each of the various fund managers in which the schemes are invested. All scheme assets have quoted prices in active markets.

The schemes do not hold any of the Group's financial instruments or property as plan assets.

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

	2016 £m	2015 £m
Opening fair value of scheme assets	649.5	611.0
Employer contributions	0.8	2.4
Interest income	23.1	26.3
Return on assets (less amount included in net interest expense)	(35.0)	49.8
Benefits paid	(40.4)	(40.0)
Assets acquired on business combination	87.2	–
Closing fair value of scheme assets	685.2	649.5

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

	2016 £m	2015 £m
Opening defined benefit obligation	(669.2)	(614.6)
Interest cost	(23.6)	(26.3)
Remeasurement gains/(losses):		
Actuarial gains/(losses) from changes in financial assumptions	3.9	(72.9)
Actuarial losses from changes in demographic assumptions	(1.1)	–
Actuarial gains arising from experience adjustments	9.2	4.6
Benefits paid	40.4	40.0
Liabilities acquired on business combination	(74.4)	–
Closing defined benefit obligation	(714.8)	(669.2)

(e) Movement in the net defined benefit liability

	2016 £m	2015 £m
Opening defined benefit obligation	(19.7)	(3.6)
Employer contributions	0.8	2.4
Net asset acquired on business combination	12.8	–
Net charge recognised in the income statement	(0.5)	–
Total remeasurements included in OCI	(23.0)	(18.5)
Closing net defined benefit liability	(29.6)	(19.7)

(f) Amounts recognised in the income statement

	2016 £m	2015 £m
Interest income on scheme assets	23.1	26.3
Interest cost on defined benefit obligation	(23.6)	(26.3)
Net interest expense on defined benefit obligation	(0.5)	–

(g) Sensitivities

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

Discount rate	+/- 0.1%	Decrease/increase in liabilities by £11m
RPI inflation rate	+/- 0.1%	Increase/decrease in liabilities by £9m
Rate of increases in salaries	+/- 0.1%	Increase/decrease in liabilities by £0.4m
Pension increases in payment	+/- 0.1%	Increase/decrease in liabilities by £5m
Life expectancy for current and future pensioners	+/- 1 year	Increase/decrease in liabilities by £24m

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

(h) Contributions to be paid

Booker Scheme – the last actuarial funding valuation was carried out at 31 March 2013, which revealed a shortfall of approximately £24m. This shortfall was expected to be recovered through Company deficit contributions (£9.6m paid in the year ending 31 March 2014 and £2.4m paid in the year ending 31 March 2015) and the returns achievable on the assets of the Scheme. No contributions have been paid over this period. The contribution schedule will be reviewed following next actuarial valuation of the Booker Scheme, which is scheduled for 31 March 2016.

Budgens Scheme – the last actuarial funding valuation was carried out at 31 March 2015, which revealed a nil shortfall at this date.

Londis Scheme – the last actuarial funding valuation was carried out at 1 April 2014, which revealed a shortfall of £0.5 million at this date. This shortfall is expected to be recovered through returns on the scheme assets, and no contributions are required.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

19. Provisions

	Property provisions £m	Other £m	Total £m
At 27 March 2015	20.4	5.0	25.4
Acquired	19.8	–	19.8
Unwinding of discount	1.3	–	1.3
Credited to income statement – exceptionals	–	(4.0)	(4.0)
Credited to income statement	(0.3)	–	(0.3)
Utilised	(1.4)	–	(1.4)
At 25 March 2016	39.8	1.0	40.8

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; and
- 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.

Certain onerous lease provisions relating to vacant properties have been adjusted during the year, following a reassessment of the length of time those properties would remain vacant. Additionally, following the acquisition of Booker Retail Partners (GB) Limited, a review has been made of the future dilapidation costs on leasehold properties. All of these provision movements result in a net £nil charge to the Income Statement.

Approximately £4m is expected to be utilised in the year to March 2017.

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.

20. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid (£0.01 ordinary shares)		
At 27 March 2015	1,755,014,689	17.6
Share options exchanged (see note 23)	1,088,547	–
Share options exercised (see note 23)	16,733,834	0.1
At 25 March 2016	1,772,837,070	17.7

The total authorised number of ordinary shares is 2,000,000,000 (2015: 2,000,000,000) with a par 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.

The Company also has in issue 1,520,361 B shares that were redeemed by the shareholders on 29 April 2016 for 3.5 pence per share (see note 22b for more details).

6,661,793 ordinary shares in the Company (representing 0.38% of total shares issued) are held by 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 capital redemption reserve relates to the redemption of B shares, as described in note 22.

The other reserve represents the premium over the nominal value of the shares issued in relation to acquisitions less any returns of capital.

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

22. Dividends and return of capital

a) Dividends charged to reserves

	2016 £m	2015 £m
Final dividend of 3.14 pence per share (2015: 2.75 pence per share) paid in respect of the prior period	55.2	47.8
Interim dividend of 0.57 pence per share (2015: 0.52 pence per share) paid in respect of the current period	10.0	9.1
	65.2	56.9

The Directors are proposing a final dividend of 4.03 pence per share, which will absorb approximately £72m of distributable reserves.

b) Return of Capital

On 21 July 2014 the Company issued 1,743,934,763 B shares that were redeemable by the shareholder. On 22 July 2014 the Company redeemed 1,740,934,613 B shares for 3.5 pence per share (a total of £60.9m) and the shares were cancelled. The 3,000,150 remaining B shares (a total of £0.1m) have been classified as a financial liability in accruals and deferred income, and were redeemed on 30 April 2015 for 3.5 pence per share. Following the redemption, such B shares were cancelled.

On 20 July 2015 the Company issued 1,766,091,414 B shares that were redeemable by the shareholder. On 21 July 2015 the Company redeemed 1,764,571,053 B shares for 3.5 pence per share (a total of £61.8m) and the shares were cancelled. The 1,520,361 remaining B shares (a total of £0.1m) have been classified as a financial liability in accruals and deferred income, and were redeemed on 29 April 2016 for 3.5 pence per share. Following the redemption, such B shares were cancelled.

The Board is proposing to implement another capital return to shareholders of 3.20 pence per ordinary share (at a cost of approximately £57m, based on the current issued share capital of the company). It is proposed that this is achieved by the issue of a new class of 'B' shares. The return of capital requires the approval of shareholders, which will be sought at the AGM on 6 July 2016.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

23. Share based payments

The Group has a number of share schemes for employees. The total charge for the period relating to employee share-based payments was £6.9m (2015: £5.3m), all of which related to equity-settled share based payment transactions.

a) Sharesave schemes

The Sharesave scheme has been in operation since 2008 and all employees are eligible to participate once the necessary service requirements have been met. Options are offered at a discount of 20% to the average of the market value of a share on the three dealing days immediately preceding the offer. Options are exercisable three years after the commencement of the savings contract and not more than six months thereafter. The options granted have been fair valued using the Black Scholes option pricing model, using the following assumptions:

	SAYE 2015	SAYE 2014	SAYE 2013	SAYE 2012
Grant date	November 2015	November 2014	November 2013	December 2012
Share price at grant date	185.90p	144.60p	152.30p	97.60p
Exercise price	146.99p	94.61p	112.21p	79.21p
Expected volatility	24%	25%	24%	26%
Expected life	3.2 years	3.2 years	3.2 years	3.2 years
Risk free rate	1.01%	1.07%	0.91%	0.54%
Expected dividend yield	2.59%	3.02%	1.77%	2.39%
Fair value at grant date	43.0p	46.0p	44.0p	23.0p

b) Performance Share Plans (PSP)

In 2008 a discretionary PSP for the benefit of certain employees was established by the Remuneration Committee. The awards are free share-based awards and normally vest three years after the grant date, provided relevant performance criteria have been met.

PSP 2012, 2013, 2014 and 2015

The options granted in November 2012 (6.0 million options), October 2013 (4.2 million options), October 2014 (6.9 million options) and October 2015 (5.1 million options) to senior employees all had the same conditions. They 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. The awards are granted in two tranches:

i) Earnings Per Share (EPS) condition

50% of each award will be linked to an absolute EPS performance target with 25% of this element vesting for achieving growth of 6% per annum and rising on a straight line basis with full vesting requiring 12% growth per annum, as measured at the year end prior to the grant and then 3 years later.

ii) Total Shareholder Return (TSR) condition

50% of each award will be linked to an Absolute TSR performance target with 25% of this element vesting for achieving growth of 8% per annum and rising on a straight line basis with full vesting requiring 15% growth per annum, when measured over the 3 years from the grant date.

PSP 2008-2012

The awards under these 4 schemes have all vested and 4.7 million remain to be exercised.

The options granted have been fair valued using the Monte Carlo option pricing model, using the following assumptions:

	PSP 2015	PSP 2014	PSP 2013	PSP 2012	PSP 2011	PSP 2010	PSP 2008
Grant date	Nov 15	Oct 14	Oct 13	Nov 12	Nov 11	Oct 10	Jul 08
Share price at grant date	179.00p	121.40p	141.90p	99.30p	78.95p	53.75p	23.75p
Expected volatility	25%	25%	24%	26%	27%	30%	25%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	2-3 years
Risk free rate	0.85%	0.95%	0.89%	0.44%	0.70%	1.10%	5.00%
Expected dividend yield	2.68%	3.59%	1.90%	2.35%	2.2%	2.4%	2.5%
Fair value of TSR component	52.0p	32.0p	51.0p	33.0p	29.0p	23.5p	8.4p
Fair value of EPS component	165.0p	109.0p	134.0p	93.0p	n/a	n/a	n/a

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

	Grant date	Number (m)	Vesting period	Expiry date	Exercise price
SAYE 2015 SAYE to all staff	November 2015	5.6	3.2 year service	June 2019	146.99p
PSP 2015 Option granted to senior employees	November 2015	5.1	3 year service	November 2025	nil
SAYE 2014 SAYE to all staff	November 2014	6.8	3.2 year service	June 2018	94.61p
PSP 2014 Option granted to senior employees	October 2014	5.8	3 year service	October 2024	nil
SAYE 2013 SAYE to all staff	November 2013	5.2	3.2 year service	June 2017	112.21p
PSP 2013 Option granted to senior employees	October 2013	4.3	3 year service	October 2023	nil
PSP 2012 Option granted to senior employees	November 2012	2.5	Vested	November 2022	nil
SAYE 2012 SAYE to all staff	December 2012	0.6	Vested	July 2016	79.21p
PSP 2011 Option granted to senior employees	November 2011	0.4	Vested	November 2021	nil
PSP 2010 Option granted to senior employees	October 2010	0.3	Vested	October 2020	nil
PSP 2008 Option granted to senior employees	July 2008 – July 2009	1.5	Vested	July 2018 – July 2019	nil
Total options outstanding		38.1			

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

	2016		2015	
	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	48.4	34.3	49.4	33.0
Granted	10.9	78.1	14.9	51.2
Lapsed	(3.8)	55.0	(4.6)	69.7
Forfeited	(0.7)	–	(0.5)	–
Exercised	(16.7)	12.2	(10.8)	38.7
Outstanding at end of period	38.1	55.1	48.4	34.3
Exercisable at end of period	5.3		13.7	

Under the rules of the PSP 2010-2015 schemes, tax approved Company Share Option Plan ('CSOP') options were also granted with an exercise price equal to the market value of the shares at the time of grant.

During the period, employees forfeited 0.7m (2015: 0.5m) PSP options for 1.1m (2015: 1.1m) CSOP options, which were immediately exercised at a cost equal to the share price at the date the original PSP was granted.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

24. Operating leases

The Group leases a number of trading properties under operating leases. The leases are typically of 5 to 15 years duration, although some have lessee only break clauses. Lease payments are reviewed as contracted and increases applied accordingly. The Group also leases certain items of plant and equipment.

Operating lease payments represent rents payable by the Group for certain of its wholesale, distribution and office properties and other assets such as motor vehicles. The leases have varying terms, escalation charges and renewal rights.

At the balance sheet date, the Group (including Booker Retail Parters (GB) Limited) had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Others	
	2016 £m	2015 £m	2016 £m	2015 £m
Within one year	65.3	52.0	15.0	10.3
Within two to five years	234.3	186.4	29.7	15.1
After five years	277.5	237.6	3.7	–
	577.1	476.0	48.4	25.4

The Group subleases various wholesale, distribution and office properties under non-cancellable operating leases. The total minimum operating sublease receipts expected to be received are as follows:

	2016 £m	2015 £m
Within one year	7.2	1.2
Within two to five years	20.4	1.0
After five years	26.1	1.6
	53.7	3.8

25. Capital commitments

The outstanding commitments at 25 March 2016 in respect of contracted capital expenditure not provided for amounted to approximately £2.7m (2015: £2.1m).

26. Related party transactions

Only members of the Board are considered to be key management personnel. It is the Board who have responsibility for planning, directing and controlling the activities of the Group. Board compensation is disclosed in the Remuneration Report.

COMPANY PROFIT & LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the 52 weeks ended 25 March 2016

	Note	52 weeks ended 25 March 2016 £m	52 weeks ended 27 March 2015 £m
Income from shares in group undertakings	6a	280.0	150.0
Administrative expenses		(0.1)	–
Profit on ordinary activities before taxation		279.9	150.0
Taxation	4	–	–
Profit on ordinary activities after taxation		279.9	150.0
Other comprehensive income		–	–
Total comprehensive income		279.9	150.0

COMPANY BALANCE SHEET

As at 25 March 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investments	5	46.9	40.0
Debtors	6a	514.4	404.4
Creditors due within one year	6b	(27.3)	(73.1)
Net current assets		487.1	331.3
Net assets		534.0	371.3
Capital and reserves			
Share capital	7	17.7	17.6
Share premium		44.0	41.2
Capital redemption reserve		122.8	60.9
Other reserves		14.0	75.8
Share option reserve		12.4	11.2
Retained earnings		323.1	164.6
Shareholders' funds		534.0	371.3

These financial statements were approved by the Board of Directors on 18 May 2016 and were signed on its behalf by:



Charles Wilson
Director

Jonathan Prentis
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Share option reserve £m	Retained earnings £m	Total £m
At 28 March 2014		17.4	36.4	–	136.8	8.5	129.8	328.9
Profit for the period		–	–	–	–	–	150.0	150.0
Dividends to shareholders	9	–	–	–	–	–	(56.9)	(56.9)
Issue B shares	9	–	–	–	(61.0)	–	–	(61.0)
Redemption of B shares	9	–	–	60.9	–	–	(60.9)	–
Share options exercised		0.2	4.8	–	–	(2.6)	2.6	5.0
Share based payments	8	–	–	–	–	5.3	–	5.3
At 27 March 2015		17.6	41.2	60.9	75.8	11.2	164.6	371.3
Profit for the period		–	–	–	–	–	279.9	279.9
Dividends to shareholders	9	–	–	–	–	–	(65.2)	(65.2)
Issue B shares	9	–	–	–	(61.8)	–	–	(61.8)
Redemption of B shares	9	–	–	61.9	–	–	(61.9)	–
Share options exercised		0.1	2.8	–	–	(5.7)	5.7	2.9
Share based payments	8	–	–	–	–	6.9	–	6.9
At 25 March 2016		17.7	44.0	122.8	14.0	12.4	323.1	534.0

COMPANY CASH FLOW STATEMENT

For the 52 weeks ended 25 March 2016

	Note	52 weeks ended 25 March 2016 £m	52 weeks ended 27 March 2015 £m
Cash flows from operating activities			
Profit before tax		279.9	150.0
Cash generated from operating activities		279.9	150.0
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2.9	5.0
Redemption of B shares	9	(61.9)	(60.9)
Dividends paid	9	(65.2)	(56.9)
Repayment of intercompany balances		(155.7)	(37.2)
Net cash outflow from financing activities		(279.9)	(150.0)
Net cash inflow from activities		–	–
Cash and cash equivalents at the start of the period		–	–
Cash and cash equivalents at the end of the period		–	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General information

a) Basis of preparation

Booker Group plc (the 'Company') is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS101'). The amendments to FRS101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. In these financial statements, the Company has adopted FRS101 for the first time. In transition to FRS101 there has been no effect on the reported financial position, financial performance and cash flows.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006. The Company has not taken advantage of the FRS101 disclosure exemptions.

In the transition to FRS101, the Company has applied IFRS1 whilst ensuring that its assets and liabilities are measured in compliance with FRS101.

The financial statements are prepared on the historical cost basis.

b) 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 but have not yet been endorsed by the European Union as set out in note 1(e) to the group financial statements.

c) Use of judgements and estimates

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below:

- IAS36 'Impairment of assets'. In testing for impairment of investments and other assets, 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 investments included in the balance sheet could be impaired. At 25 March 2016, the Directors do not consider that any reasonably likely changes in key assumptions would cause the carrying value of the investments or other assets to become impaired.
- IFRS2 '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, based on related service and non-market vesting conditions that are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

NOTES TO THE COMPANY 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 financial statements and in preparing an opening FRS101 balance sheet at 28 March 2014 for the purposes of the transition to FRS101.

Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Investments

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

Share based payments

The Company has issued equity settled share based payments to employees of a subsidiary. The fair value is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. This fair value is accounted as an investment in the subsidiary with a corresponding increase in equity. Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Taxation

The Company applies the same accounting policy as the group, as set out in note 2 of the Group financial statements.

3. Profit and loss account

The audit fee of £0.1m (2015: £0.1m) for the current and prior period was borne by another group undertaking without recharge.

(a) Employee information

The Company had no employees throughout this or the previous period.

(b) Directors' remuneration

The Director's remuneration is borne by a subsidiary company and it is disclosed in the Remuneration Report.

4. Taxation

a) Analysis of charge in period

	2016 £m	2015 £m
Current tax	–	–

b) Reconciliation of the current taxation charge

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:

	2016 £m	2015 £m
Profit before tax	279.9	150.0
Tax using the current UK corporation tax rate of 20% (2015: 21%)	56.0	31.5
Non-taxable dividend income from subsidiaries	(56.0)	(31.5)
Tax charge for the period	–	–

Factors that may affect future current and total tax charge:

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 25 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the group's future current tax charge and the value of its deferred tax asset accordingly.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

5. Fixed asset investments

	Shares in subsidiary undertakings £m	Capital contribution £m	Total £m
Cost and net book value			
At start of period	20.0	20.0	40.0
Capital contribution	–	6.9	6.9
At end of period	20.0	26.9	46.9

The capital contribution relates to the charge in respect of share based payments to employees of subsidiary undertakings – details are shown in note 23 of the Group financial statements.

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries and joint ventures owned, as at 25 March 2016 are disclosed below. Unless otherwise stated the country of incorporation is the United Kingdom and all are 100% owned.

Name of company	Principal activity	Name of company	Principal activity
Booker Wholesale Holdings Ltd*	Holding company	Budgens Property Investments Ltd	Dormant
Booker Ltd	Wholesaler	Budgens Stores Ltd	Dormant
Ritter Courivaud Ltd	Wholesaler	Booker Retail UK Ltd	Dormant
Booker Retail Partners (GB) Ltd	Wholesaler	Londis Pension Trustees Ltd	Dormant
Booker Direct Ltd	Wholesaler	Budgens Pension Trustees No2 Ltd	Dormant
Makro Self Service Wholesalers Ltd	Wholesaler	Linnco Ltd	Dormant
Booker India PVT. Ltd (India)	Wholesaler	Murdoch Norton Ltd	Dormant
Booker Satnam Wholesale Private Ltd (India, 85% owned)	Wholesaler	Budgen Holdings Ltd	Dormant
		Bishop's Group Ltd	Dormant
Giant Midco Ltd	Holding company	Londis (Holdings) Ltd	Dormant
Giant Bidco Ltd	Holding company	Neighbourhood Stores Ltd	Dormant
The Big Food Group Ltd	Holding company	Budgens Nominees Ltd	Dormant
BF Ltd	Holding company	Budgens Pension Trustees Ltd	Dormant
Makro Holding Ltd	Holding company	Booker Cash & Carry Ltd	Dormant
J Smylie & Sons (IOM) Ltd (Isle of Man)	Property company	Booker Finance Ltd	Dormant
Booker EBT Limited	Corporate Trustee	IRTH (17) Ltd	Dormant
Saneyia Ltd (Cyprus)	Holding company	IRTH (18) Ltd	Dormant
Booker Cyprus Ltd (Cyprus)	Holding company	Makro Properties Ltd	Dormant
Giant Booker Ltd	Holding company	Leovic Ltd (96% owned)	Dormant
IRTH (15) Ltd	Finance company		
IRTH (19) Ltd	Finance company		

* Direct subsidiary of Booker Group plc.

6. Related party transactions

	2016 £m	2015 £m
a) Amounts owed by Group undertakings		
Makro Holding Ltd	84.0	84.0
Booker Wholesale Holdings Ltd	430.4	320.4
	514.4	404.4

During the year, the Company has received dividends from Booker Wholesale Holdings Ltd of £280.0m (2015: £150.0m). A dividend of £170.0m was paid by Booker Limited to Booker Wholesale Holdings Ltd in specie of intercompany debts owed to the Company.

	2016 £m	2015 £m
b) Amounts owed to Group undertakings		
Amounts owed to Group undertakings		
Booker Ltd	27.3	73.1

During the year, a dividend of £170.0m was paid by Booker Limited to Booker Wholesale Holdings Ltd in specie of intercompany debts owed to the Company to fund the dividends paid by the company of £65.2m and the B share redemption of £61.9m. In addition Booker Limited received the share option proceeds of £2.9m on behalf of the Company.

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

7. Share capital

Details of the share capital of the Company is shown in note 20 of the Group financial statements.

8. 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.

9. Dividends and return of capital

The dividends charged to reserves are shown in note 22 of the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

10. Reconciliation of movement in shareholders' funds

	2016 £m	2015 £m
Profit for the period	279.9	150.0
Dividends paid	(65.2)	(56.9)
Group share based payment charge	6.9	5.3
Return of capital	(61.8)	(61.0)
Shares issued	2.8	4.8
Share options exercised	0.1	0.2
Shareholders' funds at the start of the period	371.3	328.9
Shareholders' funds at the end of the period	534.0	371.3

11. Financial instruments

Credit risk

The Company is owed £514.4m (2015: £404.4m) by group undertakings.

Interest rate risk

Interest rate risk is relatively small to the Group, as there are no fixed borrowings and the revolving credit facility is only partially drawn for a small part of the year. Therefore the Group has chosen not to hedge its borrowings.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Directors

Stewart Gilliland
Non-Executive Chairman

Charles Wilson
Chief Executive

Jonathan Prentis
Group Finance Director

Guy Farrant
Executive Director

Lord Bilimoria
Non-Executive Director

Helena Andreas
Non-Executive Director

Andrew Cripps
Non-Executive Director

Karen Jones
Non-Executive Director

Gary Hughes
Non-Executive Director

Company Secretary
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