

Registered Number: 06460554

Booker Retail Partners (GB) Limited
Annual Report and Financial Statements
For the 53 weeks ended
30 March 2018

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Strategic Report

The directors present their Strategic Report for the 53 weeks ended 30 March 2018.

Principal activities

The principal activity of the company is the wholesale and retail distribution of grocery products through the Londis and Budgens retail brands.

Review of business

In the prior period the entire share capital of the company was purchased by Booker Group Ltd.

Turnover for the 53 week period was £805.1m (2017: 52 weeks: £706.3m).

Profit after taxation amounted to £16.1m (2017: profit of £17.8m).

Key Performance Indicators (KPI's)

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

Outlook

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

Risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group, and are not managed separately.

• Competition

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

• Regulation

The Group operates in an environment governed by strict regulations to ensure the safety and protection of customers, staff and other stakeholders and the operation of an open and competitive market. These regulations include food hygiene, health and safety, tobacco, data protection and competition law. In all cases, the Board takes its responsibilities very seriously, and recognises that any breach of regulation could cause reputational and financial damage to the Group. The Group seeks to operate in accordance with applicable laws and regulations, and to monitor proposed changes.

• Economic and political environment

The operations and earnings may be adversely affected by political or economic instability. The Group remains vigilant to any changes and events in the economic and political environment. The Group maintains an ongoing dialogue with relevant authorities/institutions through its respective trade associations.

Strategic Report (continued)**Risks and uncertainties (continued)****• Product quality and safety**

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

• Health and safety risks

A health and safety incident could result in a serious injury to an employee, customer or visitor which could result in reputational damage, criminal prosecution and civil litigation. The Group has a health and safety management system to ensure compliance with all legal duties.

• Information technology (IT)

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

• Employee engagement and retention

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

• Supplier credit

Availability of supplier credit is essential for the Group's financial performance. Any reduction in the availability of supplier credit could adversely impact the Group. The Group meets key credit insurers to ensure that they have an up to date view of the Group's financial position. Suppliers are kept updated through key supplier conferences.

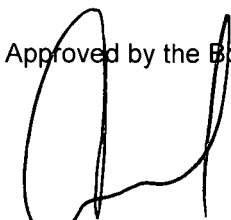
• Pension funding

A worsening funding position may require the Group to pay cash contributions or provide further assurance to cover future liabilities. The Group seeks to agree appropriate investment policies with the Trustees and closely monitors the funding position of the Schemes with the Trustees.

• Resource management and energy efficiency

A long-term increase in the energy prices could adversely affect the Group. There is a focus on reducing the environmental impact and implementing changes to our operations to maximise opportunities such as recycling waste and using renewable sources of fuel.

Approved by the Board and signed on its behalf by:



Veselin Bandev
Director

Date: 10 December 2018

Directors' Report

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

Directors

The directors who held office during the period and thereafter were as follows:

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

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

Dividends

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

Political contributions

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

Financial Risk Management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

It is the Booker Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The company has an accounting policy to provide for certain overdue receivables based on past experience, and believe that there are no significant unprovided overdue financial assets.

Cash flow risk

The company has no external borrowings and therefore has no exposure to interest rate risk. All sales are denominated in sterling and the company makes minimal purchases in foreign currencies, therefore having limited exposure to foreign currency risk.

Liquidity risk

The company finances its operations by a combination of retained profits and intra-group borrowings.

Events after the balance sheet date

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

Future developments

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

Research and development

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

Going concern

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

Directors' Report (continued)**Employees**

The company had 1,233 employees during the period (2017: 1,431).

It is the Company's policy to involve employees in the business and to ensure that matters of concern to them, including the Company's aims and objectives and its financial performance, are communicated in an open and regular way. This is achieved through the use of business briefings, newsletters and other less formal communications. The promotion of equal opportunities for all employees, including disabled persons, is regarded as an important Company priority. Applications for employment and promotion of disabled persons are treated on the same basis as those from other applicants having regard to aptitude, ability, requirements of the job and experience. The Company's policy is to seek to continue the employment of, and to arrange appropriate training for, employees who have become disabled during the period when they were employed by the Company.

Directors' responsibilities statement

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

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

Under company law the 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 company and of the profit or loss of the company for that period. In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

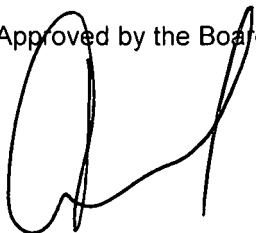
Disclosure of information to auditor

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

Auditor

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

Approved by the Board and signed on its behalf by:



Veselin Bandev
Director
Date: 10 December 2018
Company number: 06460554

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

Independent auditor's report to the members of Booker Retail Partners (GB) Limited**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Booker Retail Partners (GB) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Booker Retail Partners (GB) Limited (continued)**Other information**

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

**Independent auditor's report to the members of Booker Retail Partners (GB) Limited
(continued)****Report on other legal and regulatory requirements****Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



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

Date: 11 December 2018

Statement of Comprehensive Income

For the 53 weeks ended 30 March 2018

	Note	53 weeks ended 30 March 2018 £m	52 weeks ended 24 March 2017 £m
Turnover		805.1	706.3
Cost of sales		(772.4)	(665.8)
Gross profit		32.7	40.5
Administrative expenses		(25.3)	(31.3)
Profit on disposal of fixed assets		3.0	4.7
Operating profit		10.4	13.9
Investment in subsidiary written down	8	-	(135.2)
Income from shares in group undertakings		-	139.0
Interest receivable and similar income	4	0.6	0.5
Interest payable and similar charges	5	(0.4)	(0.3)
Profit before tax	2	10.6	17.9
Tax on profit	6	5.5	(0.1)
Profit for the period		16.1	17.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the pension scheme		1.9	4.4
Tax on pension scheme remeasurements		(0.9)	(1.6)
Other comprehensive income for the period, net of tax		1.0	2.8
Total comprehensive income for the period		17.1	20.6

All of the above results derive from continuing operations.

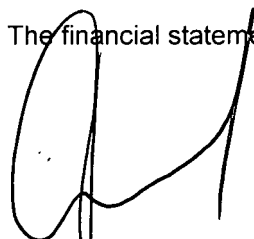
The notes on pages 12 to 28 form part of these financial statements.

Balance Sheet
At 30 March 2018

	Note	30 March 2018 £m	24 March 2017 £m
Non Current assets			
Tangible fixed assets	7	6.5	8.4
Investments	8	-	-
Pension asset	17	23.0	20.5
		-----	-----
		29.5	28.9
Current assets			
Stocks	9	55.8	35.7
Debtors due within one year	10	53.9	81.2
Cash at bank and in hand		9.9	2.1
		-----	-----
		119.6	119.0
Creditors: due within one year	11	(12.5)	(23.1)
		-----	-----
Net current assets		107.1	95.9
Total assets less current liabilities		136.6	124.8
Provisions	12	(17.7)	(23.0)
		-----	-----
Net assets		118.9	101.8
		=====	=====
Capital and reserves			
Called up share capital	15	56.9	56.9
Share premium account		96.9	96.9
Profit and loss account		(34.9)	(52.0)
		-----	-----
Shareholders' funds		118.9	101.8
		=====	=====

The notes on pages 12 to 28 form part of these financial statements.

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



Veselin Bandev
Director

Date: 10 December 2018

Company number 06460554

Statement of Changes in Equity**For the 53 weeks ended 30 March 2018**

	Share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
At 24 March 2017	56.9	96.9	(52.0)	101.8
Profit for the period	-	-	16.1	16.1
Remeasurements of the pension scheme	-	-	1.9	1.9
Tax on pension scheme remeasurements	-	-	(0.9)	(0.9)
At 30 March 2018	56.9	96.9	(34.9)	118.9

For the 52 weeks ended 24 March 2017

	Share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
At 26 March 2016	56.9	96.9	(72.6)	81.2
Profit for the period	-	-	17.8	17.8
Remeasurements of the pension scheme	-	-	4.4	4.4
Tax on pension scheme remeasurements	-	-	(1.6)	(1.6)
At 24 March 2017	56.9	96.9	(52.0)	101.8

The notes on pages 12 to 28 form part of these financial statements.

Notes to the Accounts

1. Accounting policies

Overview

Booker Retail Partners (GB) Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales.

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

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

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

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

As the consolidated financial statements of Booker Group Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- IFRS2 Share Based Payments in respect of group settled share based payments; and
- certain disclosures required by IFRS13 'Fair Value Measurement' and the disclosures required by IFRS7 'Financial Instrument Disclosures'.

Basis of preparation

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

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

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

Notes to the Accounts

1. Accounting policies (continued)

Key sources of estimation uncertainty

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

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

- IAS19 'Employee benefits'. Defined benefit schemes are accounted for in accordance with the advice of an independent qualified actuary but significant estimates are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations. The net pension asset was £23.0m as at the period end (2017: £20.5m). Sensitivities in relation to key assumptions are disclosed in note 17.

- IAS37 'Provisions, contingent liabilities and contingent assets'. The Company 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 Company, a provision is established for the difference between amounts contractually payable to the landlord and forecast amounts receivable from the tenants. In addition, provisions exist for the expected future dilapidation cost on 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. Property provisions totalled £14.2m as at the period end (2017: £14.4m). Sensitivities in relation to key assumptions are disclosed in note 12.

- IAS12 'Income Taxes'. In applying the Company's accounting policy in relation to deferred tax, as set out below, the Directors are required to make assumptions regarding the Company's ability to utilise 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 Company's future profits will utilise the tax assets.

Critical accounting judgements

Management believe that there are no critical accounting judgements.

Going concern

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

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

Notes to the Accounts

1. Accounting policies (continued)

Turnover

Turnover is recognised when goods are received by the customer and the risks and rewards have passed to them. Turnover 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.

Turnover arises wholly in the UK.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of a tangible fixed asset have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each tangible fixed asset. The estimated useful lives are as follows:

Freehold buildings	25 years
Leasehold improvements	2 to 25 years
Plant and equipment	3 to 20 years
Motor vehicles	1 to 10 years

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.

Leases

Payments made under operating leases are charged to the profit and loss account 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 profit and loss account 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 profit and loss account as an integral part of the total lease expense.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Foreign currencies

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 rate of exchange ruling at the balance sheet date. Foreign exchange differences are taken to the profit and loss account in the period in which they are incurred.

Impairment

The carrying values of the Company'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 profit and loss account.

Notes to the Accounts

1. Accounting policies (continued)

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 distribution centres.

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 Company, 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 stocks.

There are two main types of supplier rebates:

a) Terms, which are generally annual agreements (not always coterminous with the Company's year-end), are signed by the Company and the supplier. Rebates are determined relative to volumes purchased or by other conditional arrangements as follows:

- Volume based rebates include guaranteed and targeted income. Rebates are accrued based on the Company's purchasing volumes and the current agreement with 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.

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 Profit and Loss Account 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:

- Stocks: Where the rebate earned relates to stocks which are held by the Company at year end, the rebates are deducted from the cost of those stocks
- Trade receivables: Billed supplier rebates outstanding at the period end where the Company has no legal right to offset against trade payables
- Trade payables: Billed supplier rebates outstanding when the Company 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

Stocks

Stocks 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 stock 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.

Notes to the Accounts

1. Accounting policies (continued)

Employee benefits

a) Defined contribution plans

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

b) Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) 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 Company's obligations. The defined benefit obligation calculation is performed by a qualified actuary using the projected unit credit method.

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

The Company 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.

c) 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 Company 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.

Property provisions

A provision is recognised in the balance sheet when the Company 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.

Notes to the Accounts

1. Accounting policies (continued)

Taxation

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

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

Tax is recognised in the Profit and Loss Account 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 Profit and Loss Account, 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 Company intends to settle its current tax assets and liabilities on a net basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in subsidiary undertakings, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

a) Trade and other debtors

Trade and other debtors 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 creditors

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

c) 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.

d) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

e) 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.

Notes to the Accounts

2. Profit before tax	2018 £m	2017 £m
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This is stated after charging/(crediting):

Depreciation of tangible fixed assets (see note 7)	1.6	1.7
Operating leases - plant and machinery	5.0	2.5
Operating leases - land and buildings	6.0	6.3
Profit on disposal of tangible assets	(3.0)	(4.7)

Auditor's remuneration:

Audit of these financial statements	0.1	0.1
	=====	=====

Amounts for the current period relate to Deloitte LLP and the prior period relate to KPMG LLP. There were no non-audit fees payable to the company's auditor in the current or prior period.

3. Employee costs and directors' emoluments	2018 £m	2017 £m
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i) Employee costs

Wages and salaries	35.3	39.9
Social security costs	4.6	4.1
Other pension costs	1.9	2.6
Equity settled share based payments	-	-
	-----	-----
	41.8	46.6
	=====	=====

	2018 Number	2017 Number
The average number of persons employed by the Company during the period was as follows:	1,233	1,431
	=====	=====

ii) Directors' emoluments

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

4. Interest receivable and similar income	2018 £m	2017 £m
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Interest on pension scheme (see note 17)	0.6	0.5
	=====	=====

Notes to the Accounts

5. Interest payable and similar charges	2018 £m	2017 £m
Unwinding of discount on property provisions (see note 12)	0.4 =====	0.3 =====

6. Tax

i) Analysis of charge in the period	2018 £m	2017 £m
Current tax		
Arising in respect of current period	0.5	-
Arising in respect of prior period	-	-
	0.5	-
Deferred tax		
Arising in respect of current period	(5.7)	0.1
Arising in respect of prior period	(0.3)	-
	(6.0)	0.1
Total tax (credit)/charge for the period	(5.5) =====	0.1 =====

ii) Reconciliation of the tax charge

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

Profit on ordinary activities before tax	10.6	17.9
Tax on profit at 19% (2017: 20%)	2.0	3.6
Utilisation of previously unrecognised tax assets	(1.8)	(1.1)
Expenses/(income) not deductible/(taxable) for tax purposes	0.4	(2.4)
Recognition of previously unrecognised deferred tax assets	(5.8)	-
Over-statement of prior year deferred tax	(0.3)	-
Total tax (credit)/charge for the period	(5.5) =====	0.1 =====

iii) Tax in the statement of comprehensive income

	2018 £m	2017 £m
Deferred tax charge on:		
Pension scheme remeasurements	0.9 =====	1.6 =====

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

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities as at 30 March 2018 have been calculated based on these rates.

Notes to the Accounts

7. Tangible fixed assets

	Freehold Buildings £m	Leasehold improvements £m	Plant, equipment and motor vehicles £m	Total £m
Cost				
At start of period	4.3	8.8	85.0	98.1
Additions	-	0.4	1.8	2.2
Disposals	(2.6)	(1.9)	(4.4)	(8.9)
At end of period	1.7	7.3	82.4	91.4
Depreciation				
At start of period	3.8	7.3	78.6	89.7
Charge for the period	-	0.1	1.5	1.6
Disposals	(2.1)	(0.5)	(3.8)	(6.4)
At end of period	1.7	6.9	76.3	84.9
Net book value				
At end of period	-	0.4	6.1	6.5
At start of period	0.5	1.5	6.4	8.4

Notes to the Accounts

8. Investments	Subsidiary undertakings £m
Cost	
At start and end of period	153.8 =====
Provision	
At start and end of period	(153.8) =====
Net book value	
At end of period	- =====
At start of period	- =====

The company's wholly owned subsidiary undertakings are:

	Activity	Percentage of equity	Incorporation
Booker Retail Ltd *	Dormant	100	England and Wales
Londis Holdings Ltd *	Dormant	100	England and Wales
Budgens Property Investments Ltd	Dormant	100	England and Wales
Budgen Holdings Ltd	Dormant	100	England and Wales
Bishop's Group Ltd	Dormant	100	England and Wales
Murdoch Norton Ltd	Dormant	100	England and Wales
Budgens Stores Ltd	Dormant	100	England and Wales
Linnco Ltd *	Dormant	100	England and Wales
Budgens Pensions Trustees No.2 Ltd *	Dormant	100	England and Wales
Londis Pension Trustees Ltd *	Dormant	100	England and Wales

* Direct subsidiary of Booker Retail Partners (GB) Limited

For all these companies, the registered office is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, England.

Notes to the Accounts

9. Stocks	2018 £m	2017 £m
Goods for resale	55.8 =====	35.7 =====

10. Debtors	2018 £m	2017 £m
Due within one year		
Trade debtors	45.2	34.4
Amount owed by group undertakings	-	38.2
Prepayments and accrued income	8.7	8.6
	-----	-----
	53.9 =====	81.2 =====

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

11. Creditors due within one year	2018 £m	2017 £m
Trade creditors	-	7.5
Amounts owed to group undertakings	1.7	-
Other taxes and social security costs	-	1.0
Current taxation	0.5	-
Accruals and deferred income	10.3	14.6
	-----	-----
	12.5 =====	23.1 =====

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

Notes to the Accounts

12. Provisions

	Property provisions £m	Deferred tax £m	Total £m
At start of period	14.4	8.6	23.0
Utilised in the period	(1.0)	-	(1.0)
Charged/(credited) in the period	0.4	(6.0)	(5.6)
Charged to equity	-	0.9	0.9
Unwinding of discount	0.4	-	0.4
At end of period	14.2	3.5	17.7

The property provisions principally relates to the onerous leases on leasehold property currently vacant or sublet for less than the cost of the underlying head lease and the expected future dilapidation cost on leasehold properties.

The sensitivity below shows the impact on the property provisions 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:

- a 1% reduction in the discount rate would increase the provisions by £1.7m
- a 10% reduction in the quantum of the cash flows in relation to distribution centre dilapidations would reduce the provisions by £0.4m

Approximately £1m is expected to be utilised in the year to March 2019.

13. Deferred tax

The following deferred tax assets and liabilities have been recognised:

	Pension £m	Tax losses £m	Decelerated tax depreciation £m	Other items £m	Total £m
At start of period	7.1	-	-	1.5	8.6
Understatement of prior years	-	(3.3)	(2.5)	(0.3)	(6.1)
Charged in the period	0.1	-	-	-	0.1
Charged to equity	0.9	-	-	-	0.9
At end of period	8.1	(3.3)	(2.5)	1.2	3.5

Based on an assessment of the quantum and timing of future taxable profits, a deferred tax asset of £6.1m (2017: £13.6m) has not been recognised in respect of the following:

- unrecognised tax losses of £18.9m (2017: £41.0m)
- unrecognised surplus capital allowances in excess of depreciation charged of £13.4m (2017: £30.0m)
- short term timing differences of £3.5m (2017: £8.3m)

Notes to the Accounts

14. Lease commitments

The Company 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 Company also leases certain items of plant and equipment. Operating lease payments represent rents payable by the Company for 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 company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£m	£m	£m	£m
Leases due to expire				
Within 1 year	10.4	11.4	3.2	2.1
Within 2 – 5 years	34.1	38.3	6.7	2.2
After 5 years	41.8	55.0	1.7	-
	-----	-----	-----	-----
	86.3	104.7	11.6	4.3
	=====	=====	=====	=====

The Company subleases various properties under non-cancellable operating leases. The total minimum operating sublease receipts expected to be received are as follows:

	2018	2017
	£m	£m
Within one year	4.7	4.8
Within two to five years	15.5	16.0
After five years	15.4	15.4
	-----	-----
	35.6	36.2
	=====	=====

15. Share capital

	2018	2017
	£m	£m
Authorised, called up and fully paid		
56,905,001 ordinary shares of £1 each	56.9	56.9
	=====	=====

16. Capital commitments

The outstanding commitments at 30 March 2018 in respect of contracted capital expenditure not provided for amounted to approximately £nil (2017: £nil).

Notes to the Accounts

17. Post-employment benefits

The company 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 £1.9m (2017: £2.6m) were charged to defined contribution schemes in the period.

Defined benefit schemes

The company operates the Budgens Pension Scheme ('the Budgens Scheme') and the Londis (Holdings) Pension Scheme ('the Londis Scheme'), which are both trust based occupational defined benefit pension schemes. The assets of the schemes are held in separate trustee-administered funds to meet future benefit payments. The schemes are established under trust law and complies with all relevant UK legislation. The Trustees are responsible for running the Scheme in line with the Trust Deed and Rules and for complying with UK pension's legislation. They are required to oversee the administration of the schemes, arrange timely and correct payment of benefits and manage the Scheme's funding and investments.

The Londis Scheme was closed to new entrants in August 1991 and future benefit accrual on April 2009. The Budgens Scheme closed to new entrants in March 2008 and future accrual on August 2010, albeit active member's benefits retain a link to their final salaries.

The benefit obligations as at 30 March 2018 have been calculated by an independent actuary, by rolling forward from the results of the latest actuarial funding valuation, which is 31 March 2015 and 30 April 2017 for 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

	2018	2017
Discount rate	2.75%	2.75%
RPI inflation	3.10%	3.20%
CPI inflation	2.10%	2.20%
Rate of increase in salaries	2.10%	2.20%
Pension increases in payment	1.85%- 3.10%	1.95%- 3.20%

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

		2018	2017
Aged 65 retiring immediately (current pensioner)	Male	21.7	21.8
	Female	23.7	23.8
Aged 40 retiring at 65 (future pensioner)	Male	23.1	23.2
	Female	25.2	25.3

The weighted average duration of the defined benefit obligation is 18.5 years.

Notes to the Accounts

17. Post-employment benefits (continued)

(b) The amounts recognised in the balance sheet

	2018 £m	2017 £m
Equities	14.8	26.4
Other growth assets	9.7	12.1
Bonds	80.3	66.4
Cash	0.2	1.1
	-----	-----
Fair value of Scheme assets	105.0	106.0
Present value of Scheme liabilities	(82.0)	(85.5)
	-----	-----
Net pension asset	23.0	20.5
	=====	=====

The bid value of the assets was provided by 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 Company's financial instruments or property as plan assets.

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

	2018 £m	2017 £m
At start of period	106.0	90.2
Employer contributions	-	-
Interest income	2.9	3.1
Return on assets (less amount included in interest income)	(0.1)	16.8
Benefits paid	(3.8)	(4.1)
	-----	-----
At end of the period	105.0	106.0
	=====	=====

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

	2018 £m	2017 £m
At start of period	(85.5)	(74.6)
Service cost	-	-
Interest cost	(2.3)	(2.6)
Remeasurement gains/(losses):		
From changes in financial assumptions	1.1	(13.1)
From changes in demographic assumptions	0.4	0.7
From experience adjustments	0.5	-
Benefits paid	3.8	4.1
	-----	-----
At end of the period	(82.0)	(85.5)
	=====	=====

Notes to the Accounts

17. Post-employment benefits (continued)

(e) Movement in the net defined benefit liability

	2018 £m	2017 £m
At start of period	20.5	15.6
Employer contributions	-	-
Net credit recognised in the profit and loss account	0.6	0.5
Total remeasurements included in the statement of other comprehensive income	1.9	4.4
	-----	-----
At end of the period	23.0	20.5
	=====	=====

(f) Amounts recognised in the profit and loss account

	2018 £m	2017 £m
Expected return on pension scheme assets	2.9	3.1
Interest on pension scheme liabilities	(2.3)	(2.6)
	-----	-----
Net credit on defined benefit obligation	0.6	0.5
	=====	=====

(g) Risks associated with defined benefit pension schemes

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

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

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

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

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

Notes to the Accounts

17. Post-employment benefits (continued)

(h) Sensitivities

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

Discount rate	+/- 0.1%	Decrease/increase in liabilities by £1.4m
RPI inflation rate	+/- 0.1%	Increase/decrease in liabilities by £1.0m
Rate of increases in salaries	+/- 0.1%	Increase/decrease in liabilities by £0.1m
Life expectancy for current and future pensioners	+/- 1 year	Increase/decrease in liabilities by £2.1m

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

(i) Contributions to be paid

For the Budgens Scheme, the latest actuarial valuation was carried out at 31 March 2015, and this revealed a nil shortfall at this date.

For the Londis Scheme, the latest actuarial valuation was carried out at 30 April 2017, and this revealed a nil shortfall at this date.

18. Ultimate parent undertaking

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

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

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