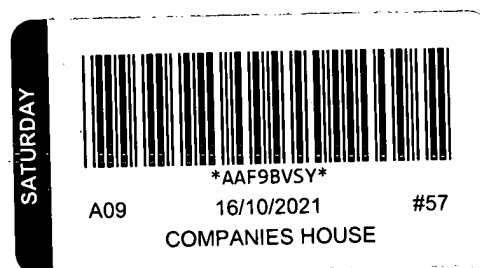


BOOKER RETAIL PARTNERS (GB) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

Registered Number: 06460554



BOOKER RETAIL PARTNERS (GB) LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

The Directors present their Strategic Report of Booker Retail Partners (GB) Limited (the “Company”) for the 52 weeks ended 28 February 2021 (prior period: 53 weeks ended 1 March 2020) (“2020”).

Business review and principal activity

The principal activity of the Company is the delivery of wholesale goods from four distribution centres.

There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

The Company incurred integration costs relating to merger of Booker with Tesco of £10.1m (2020: £nil) shown as exceptional costs above. These costs are outside the normal course of business, not expected to recur and deemed quantitatively significant in the context of financial performance for the year

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework”.

Results and dividends

The results for the 52 weeks ended 28 February 2021 show a profit before tax of £17.3m (2020: profit before tax 14.9m), profit after tax of £16.1m (2020: profit after tax £13.4m) and turnover amounted to £1,260.5m (2020: £1,060.1m).

The Company has net assets at the period end of £164.9m (2020: net assets £154.6m) and has net current assets of £160.8m (2020: net current assets £146.3m).

The Directors do not recommend a final payment of a dividend for the 52 weeks ended 28 February 2021 (2020: £nil).

Key Performance Indicators (KPI’s)

The Company adopts the Tesco PLC Group’s (the “Group”), six simple business performance indicators, namely:

- 1) Grow sales;
- 2) Deliver profit;
- 3) Improve operating cash flow;
- 4) Customers recommend us and come back time and again;
- 5) Colleagues recommend us as a great place to work and shop; and
- 6) Build trusted partnerships.

The Group Chief Financial Officer provides regular updates on progress against the KPI measures to the Group Executive Committee and the Group Board. The development, performance and position of the operations of the Group, which includes the Company, is discussed on page 11 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Future developments

The Company’s future developments form a part of the Group’s long-term strategies, which are discussed on pages 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form part of this Report.

Principal 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. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form part of this Report.

BOOKER RETAIL PARTNERS (GB) LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Business risk

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

Financial risk management

Financial risk management for the Group, of which the Company forms a part, is discussed in Note 25 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

The main risks associated with the Company's financial assets and liabilities are set out below:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company finances its operations by a combination of retained profits, leases and intra-group borrowings.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It is the Company 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.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172(1)(a) - (f) duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of pensioners, unions, the relationships with regulators and local authorities, trade organisations and other bodies who take an interest in our business. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

BOOKER RETAIL PARTNERS (GB) LIMITED
STRATEGIC REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Section 172(1) Statement (continued)

As is normal for large companies, we delegate authority for day-to-day management of the Company to senior management (in particular the Executive and Leadership Committees) in setting, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; health and safety; diversity and inclusivity; environmental matters; corporate responsibility; governance, compliance, legal and regulatory matters over the course of the financial year.

The Company's key stakeholders are its workforce, customers, suppliers, unions and other Group companies. The Company will also engage with pensioners, charities, regulators, trade and industry bodies and the local communities in which we operate. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and Tesco Group means that generally our stakeholder engagement best takes place at an operational or group level. This is more efficient and effective approach and helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For example, we engage through colleague surveys, colleague contribution panels and wellness initiatives across the Group; environmental and charitable activities are often part of Group wide initiatives; and strategy is aligned to Group strategy. For details on the some of the engagement that takes place with the Company's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see pages 8 and 9 of the Tesco plc 2020 Annual Report.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the company.

BOOKER RETAIL PARTNERS (GB) LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Section 172(1) Statement (continued)

Examples of how we have had regard to the matters set out in section 172(1)(a) - (f) when discharging our section 172 duty and the effect of that on decisions taken by us are set out below.

Board activity	Board Consideration
Financial and operational performance	<p>The Board regularly reviewed the financial and operational position of the company to consider the strategic direction and long-term viability of the Company and ensure that future liabilities could be met.</p> <p>The Board reviewed the business plan and progress against the plan, together with updates on sales, profit and cash generation.</p>
Strategy	<p>Strategy is regularly reviewed by the Board. Strategic reviews cover improvements in product range, operating model, network changes and efficiencies; customer development and experience; technology; opportunities in brand extension, integration with the Group and possible benefits; cost savings and simplification of processes.</p> <p>This includes decisions not to renew the lease on the Andover Distribution Centre and Harefield support centre buildings and instead relocate colleagues into other existing premises. Consideration was given to colleague travel time, the facilities available and flexible working patterns and locations for those affected.</p>
Capital Expenditure and Financing arrangements	<p>Directors review and approve significant capital expenditure in line with business plans. There have been no significant capital expenditure approvals during the period.</p> <p>The Board reviewed the Company's practices for paying suppliers.</p> <p>When considering these matters, a range of factors would be taken into consideration including the long-term viability of the Company, its expected cash flow and financing requirement, the ongoing need for strategic investment in our business and the impact on each of the Company's stakeholder groups.</p>
Commercial agreements	<p>The Board reviewed and approved entry into material contracts taking into consideration the operational and financial benefits and risks.</p> <p>This includes the decision to enter into long term agreement for the hire of new, more energy efficient vehicles to replace an aging fleet for example.</p> <p>In reaching its final decision, the Board had regard to a number of factors including: the business case and financial returns; security of supply and service; improved pricing and quality of products; risk management; any impacts on colleagues, suppliers, customers, communities and the environment; and the long-term reputation of the Company.</p>
Wider stakeholder engagement	<p>Directors receive regular updates on stakeholder engagement: customer sentiment through surveys undertaken through the year seeking feedback on a variety of metrics; telephone/ face to face customer forums for each customer brand in the Company; market updates giving visibility of the markets we operate in, ensuring we deliver the products and services necessary to thrive in a highly competitive environment; supplier survey results; colleague engagement through Speak Up surveys and other employee forums; health and wellbeing and diversity and inclusivity initiatives. Directors also receive feedback on the Company's performance under the Grocery Supplier Code of Practice via the GCA survey.</p>

BOOKER RETAIL PARTNERS (GB) LIMITED
STRATEGIC REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Section 172(1) Statement (continued)

Further details on employee engagement are set out in the Directors' Report on page 6.

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescopl.com.

Approved by the Board of Directors on 26 August 2021 and signed on behalf of the Board by:

Veselin Bandev

Veselin Bandev
Director

Booker Retail Partners (GB) Limited

Registered Number: 06460554

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

BOOKER RETAIL PARTNERS (GB) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

The Directors present their Report and the audited financial statements of the Company for the 52 weeks ended 28 February 2021 (prior period: 53 weeks ended 01 March 2020) ("2020").

Results and dividends

This is discussed in the Strategic Report on page 1.

Future developments

This is discussed in the Strategic Report on page 1.

Going concern

At 28 February 2021, the Company had cash at bank and in hand of £18.7m and net amounts owed by Booker Group undertakings of £25.4m. The Booker Group Limited and its subsidiaries ("Booker Group") have significant interdependencies in terms of administration and financing, with two common Directors on all entities. At 28 February 2021, Booker Group had aggregate cash at bank and in hand of £206.4m and net amounts owed by other Tesco Group undertakings of £319.9m. The Directors consider that the Company has adequate resources, taking into account the impact of Covid-19 on the forecast cashflows of the Booker Group as a whole given the interdependencies that exist, to remain in operation for a period of at least 12 months from the date of signing the financial statements, whilst the Company also has access if needed to balances owed by Tesco Group undertakings. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Events after the reporting period

Details of events after the reporting period can be found in Note 23 to the financial statements.

Political donations

There were no political donations for the period (2020: £nil) and the Company did not incur any political expenditure (2020: £nil).

Research and development

The Company does not undertake any research and development activities (2020: £nil).

Financial risk management

This is discussed in the Strategic Report on page 2.

Employee engagement

Our employment policies are regularly reviewed to ensure they are simple, helpful and trusted to enable an honest and transparent culture. We are continuously focused upon strengthening our policy positioning order to maintain this vision and culture. This was particularly important as we navigated our way through the Covid-19 pandemic and responded swiftly to ensure we kept our colleagues safe and made sure we kept the Business operating.

We continued to remove complexity and hierarchy from our policies over the past year, for example in the relaunch of our family friendly policies, to give greater clarity, consistency and fairness for our colleagues. As we continue to transition towards more enabling technology, our focus remains on how we can make our policies and the processes that sit within these more accessible to our colleagues. This enables self-service and provides our colleagues with direct access to the information they need to help and support them at work.

We recognise that in order to drive our business forward we must respond to colleague feedback and we launched a new Colleague Engagement Survey across Booker (Every Voice Matters) early in Q1 this financial year to seek out their feedback.

BOOKER RETAIL PARTNERS (GB) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Employee engagement (continued)

Our Equal Opportunities, Diversity and Inclusion policies support managers and colleagues in creating a diverse and inclusive culture where everyone is welcome. Our policies demonstrate our commitment to providing equal opportunities to all colleagues, irrespective of age, disability, gender, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation. We recently launched a number of improved Family Friendly policies to better support our colleagues when they need it.

Our approach to attraction continually gets reviewed to ensure we are inclusive in our approach and everyone feels welcome. 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.

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 between colleagues and their managers. Two colleagues also participate in the Tesco Colleague Contribution Panels, giving colleagues the opportunity to share their views directly with our Non-executive Directors who then relay these onto the Board for discussion and action.

Fostering of business relations

Details of the Company's engagement with its stakeholders is included in the section 172(1) statement on pages 2 to 5.

Energy and Carbon reporting

The Company's Streamlined Energy and Carbon Reporting (SECR) disclosures form a part of the Group's SECR disclosures, which are discussed on page 100 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Directors

The following Directors served during the period and up to the date of signing these financial statements:

Veselin Bandev	
Colm Johnson	
Helen Williams	
Charles Wilson	(resigned on 26th February 2021)
Andrew Yaxley	(appointed 26th February 2021)

None of the Directors had disclosable interests in the Company during this period.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC Directors listed above in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors and officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements

Disclosure of information to auditor

Each Director who is a Director of the Company at the date of approval of these financial statements confirms that:

- so far as the Directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be 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 section 418 of the Companies Act 2006.

BOOKER RETAIL PARTNERS (GB) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Modern Slavery Act

As per section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is published annually on the Booker Group website at www.booker.co.uk. The statement covers the activities of the Booker Group and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our own business.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Approval by the Board of Directors on 26 August 2021 and signed on behalf of the Board by:

Veselin Bandev

Veselin Bandev

Director

Booker Retail Partners (GB) Limited

Registered 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

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 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its profit for the year 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 23.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation and the Groceries Supply Code of Practice; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- **Commercial Income.** As described in Note 3 to the financial statements, the company receives volume related rebates from its suppliers which requires management to estimate the amounts receivable for the relevant period.

Our audit procedures to address this risk included;

- testing whether amounts recognised were accurate and recorded in the correct period, by agreeing to the contractual performance obligations in a sample of individual supplier agreements;
- testing commercial income balances included within inventories and trade and other receivables, or netted against trade and other payables via balance sheet reconciliation procedures; and
- circularising a sample of suppliers to test whether the arrangements recorded were complete.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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 year 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.



Jane Boardman BSc FCA (Senior statutory auditor)
 For and on behalf of Deloitte LLP
 Statutory Auditor
 Manchester
 UK
 27 August 2021

BOOKER RETAIL PARTNERS (GB) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

	Note	52 weeks ended 28 February 2021 £m	53 weeks ended 1 March 2020 £m
Revenue	4	1,260.5	1,060.1
Cost of sales		(1,201.0)	(1,006.7)
Gross profit		59.5	53.4
Administrative expenses		(30.6)	(36.4)
Administrative expenses – exceptional items	5	(10.1)	-
Operating profit	5	18.8	17.0
Interest receivable and similar income	8	0.9	1.4
Interest payable and similar charges	9	(2.4)	(3.5)
Profit before tax		17.3	14.9
Tax charge	10	(1.2)	(1.5)
Profit for the financial period		16.1	13.4

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

	Note	52 weeks ended 28 February 2021 £m	53 weeks ended 1 March 2020 £m
Profit for the financial period		16.1	13.4
Items that will not be reclassified to profit or loss			
Remeasurement of the pension scheme	19e	(8.9)	4.2
Tax on pension scheme remeasurement	10d	3.1	(1.6)
Other comprehensive (loss)/Income for the period, net of tax		(5.8)	2.6
Total comprehensive income for the period		10.3	16.0

All operations are continuing for the current and previous financial periods.

The notes on pages 15 to 33 form an integral part of these financial statements.

BOOKER RETAIL PARTNERS (GB) LIMITED
BALANCE SHEET AS AT 28 FEBRUARY 2021

	Note	28 February 2021 £m	1 March 2020 £m
Non-current assets			
Tangible assets	11	10.6	10.7
Right of use assets	12	76.1	88.3
Investments in subsidiaries	13	-	-
Deferred tax asset	10e	2.3	0.4
Pension asset	19	15.4	23.8
		<u>104.4</u>	<u>123.2</u>
Current assets			
Stocks	14	61.9	50.6
Trade and other receivables	15	100.7	106.1
Cash at bank and in hand		18.7	15.4
		<u>181.3</u>	<u>172.1</u>
Current liabilities			
Trade and other payables	16	(7.1)	(11.0)
Lease liabilities	17	(13.4)	(14.4)
Current tax liabilities		-	(0.4)
		<u>-</u>	<u>(0.4)</u>
Net current assets		160.8	146.3
Total assets less current liabilities		265.2	269.5
Non-current liabilities			
Lease liabilities	17	(91.0)	(105.9)
Provisions	18	(9.3)	(9.0)
		<u>(100.3)</u>	<u>(114.9)</u>
Net assets		164.9	154.6
Capital and reserves			
Called up share capital	20	56.9	56.9
Share premium	20	96.9	96.9
Profit and loss account		11.1	0.8
		<u>164.9</u>	<u>154.6</u>
Total shareholders' funds		164.9	154.6

The notes on pages 15 to 33 form an integral part of these financial statements.

The financial statements on pages 12 to 33 were approved by the Board of Directors and authorised for issue on 26 August 2021. They were signed on its behalf by:

Veselin Bandev

Veselin Bandev

Director

Booker Retail Partners (GB) Limited

Registered Number: 06460554

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

BOOKER RETAIL PARTNERS (GB) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

	Called up share capital * £m	Share premium £m	Profit and loss account £m	Total equity £m
At 24 February 2019	56.9	96.9	(15.2)	138.6
Total comprehensive income for the financial period	-	-	16.0	16.0
At 1 March 2020	56.9	96.9	0.8	154.6
Total comprehensive income for the financial period	-	-	10.3	10.3
At 28 February 2021	56.9	96.9	11.1	164.9

* See Note 20 for a breakdown of the Called up share capital

The notes on pages 15 to 33 form an integral part of these financial statements.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Booker Retail Partners (GB) Limited (the “Company”) for the 52 weeks ended 28 February 2021 were approved by the Board of Directors on 26 August 2021 and the Balance Sheet was signed on the Board’s behalf by Veselin Bandev. These financial statements were prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”). The financial statements have been prepared on a going concern basis under the historical cost convention and the Companies Act 2006, modified to include certain items at fair value.

The current period comprises 52 weeks and the prior period comprises 53 weeks, the amounts presented in the financial statements are not entirely comparable.

As permitted by Schedule 1 to the Accounting Regulations, the presentation of the financial statements have been adapted to be in line with the presentation prescribed by IAS 1.

The functional currency of Booker Retail Partners (GB) Limited is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Tesco PLC. The Company’s results are included in the consolidated financial statements of Tesco PLC, which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

The Company’s financial statements are presented in Pound Sterling, which is the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest hundred thousands, except when otherwise indicated.

2. General information

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT. The nature of the Company’s operations and its principal activity are set out in the Strategic Report on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

3. Accounting policies

a) Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted for use within the UK (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. Following the UK’s exit from the European Union the Company has early adopted the FRS 101 amendments ‘UK exit from the European Union’.

The Company is a qualifying entity for the purposes of FRS 101. Note 22 gives details of the Company’s parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

a) Basis of preparation (continued)

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with Customers;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (ii) paragraph 79(a)(iv) of IAS 1

Additionally, the Directors are of the opinion that the Company's activities comprise a single class of business and a single geographical location (the United Kingdom) and consequently segmental reporting by class of business or geographical location has not been prepared.

New and revised IFRS

The amendments in below standards were adopted in the current period, and there is no impact on the financial statements upon their adoption.

- a. IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to update a new definition of material in IAS 1. The amendments clarify the definition of "material" and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.
- b. IFRS 16 'Leases' providing lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.
- c. IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties.

Other changes to standards, interpretations and amendments effective in the current period had no material impact on the Company financial statements

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

Going concern

At 28 February 2021, the Company had cash at bank and in hand of £18.7m and net amounts owed by Booker Group undertakings of £25.4m. The Booker Group Limited and its subsidiaries ("Booker Group") have significant interdependencies in terms of administration and financing, with two common Directors on all entities. At 28 February 2021, Booker Group had aggregate cash at bank and in hand of £206.4m and net amounts owed by other Tesco Group undertakings of £319.9m. The Directors consider that the Company has adequate resources, taking into account the impact of Covid-19 on the forecast cashflows of the Booker Group as a whole given the interdependencies that exist, to remain in operation for a period of at least 12 months from the date of signing the financial statements, whilst the Company also has access if needed to balances owed by Tesco Group undertakings. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates

The following key sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

IAS19 'Employee benefits'

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in Note 19.

Commercial income

Management is required to make estimates in determining the amount and timing of recognition of commercial income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimates the probability that the Company will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances. Management assesses its performance against the obligations conditional on earning the income, with the income recognized either over time as the obligations are met, or recognised at the point when all obligations are met, dependent on the contractual requirements. Commercial income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Group at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of commercial income) provides a consistent and complete measure of the Group income statement impact of the overall supplier relationships.

BOOKER RETAIL PARTNERS (GB) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

b) Critical accounting judgements and key sources of estimation uncertainty (continued)

Judgements

The Directors believe that there are no critical accounting judgements.

c) Significant accounting policies

Revenue

Revenue is income arising from the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes. Revenue is recognised when performance obligations are satisfied and control has transferred to the customer. There is a low level of judgement applied in determining the transaction price or the timing of transfer of control. For wholesale sales of goods, revenue is recognised on delivery to the customer.

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 warehouses.

Commercial income

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 period-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 period, shortly after each promotion has ended.

Where the rebate earned relates to stocks which are held by the Company at period end, the rebates are deducted from the cost of those stocks.

BOOKER RETAIL PARTNERS (GB) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

c) Significant accounting policies (continued)

Income taxes

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that

are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Company will be required to settle that tax.

Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the Profit and Loss Account, except when it relates to items charged or credited directly in equity or other comprehensive income, in which case deferred tax is also recognised in equity or other comprehensive income, respectively.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the Profit and Loss Account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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, fixture cash flows at a pre-tax rate reflects the time value of money and the risks specific to the liability.

Group relief on taxation

The Company may receive or surrender group relief from Group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

c) Significant accounting policies (continued)

Leases

Whether a contract is, or contains a lease is assessed at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Company as a lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Company is reasonably certain to exercise; penalties for early termination if the lease term reflects the Company exercising a break option; and payments in an optional renewal period if the Company is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Company's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed to the income statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Tangible assets and assets under construction

Tangible fixed assets are carried at cost less accumulated depreciation and any recognised impairment in value. Tangible fixed assets are depreciated on a straight-line basis to their residual value over its anticipated useful economic life.

The following depreciation rates were applied for the Company and are consistent with the prior period:

- Freehold with greater than 40 years unexpired at 2.5% of cost per annum;
- Plant, equipment, fixtures and fittings and motor vehicles - at rates predominantly varying from 10% to 33% of cost per annum; and
- Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on the derecognition of the asset is included in the Profit and Loss Account in the period of derecognition.

Assets under construction comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprises of cash at bank.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

c) Significant accounting policies (continued)

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company tests the investment balances for impairment annually or when there are indicators of impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value and include costs of getting them to their present location and condition. Net realisable value is defined as selling price less further costs expected to be incurred to disposal.

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.

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

For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method) while plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the Profit and Loss Account; service costs are spread systematically over the expected service lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

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.

Foreign currency translation

The Company's financial statements are presented in Pounds Sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in the Profit and Loss Account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified as either fair value through profit and loss, fair value

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

c) Significant accounting policies (continued)

Financial instruments (continued)

through other comprehensive income, or amortised cost. Classification and subsequent remeasurement depends on the Company's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

a) Trade and other debtors

Trade and other debtors are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

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.

f) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECLs) associated with its financial assets carried at amortised cost. The ECLs are updated at each reporting date to reflect changes in credit risk. The three-stage model for impairment has been applied to loans and advances to customers, debt instruments at fair value through other comprehensive income, and loan receivables from joint ventures and associates. The credit risk is determined through modelling a range of possible outcomes for different loss scenarios, using reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions and taking into account the time value of money. A 12-month ECL is recognised, unless the credit risk on the financial asset increases significantly after initial recognition, when the lifetime ECL is recognised.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, with lifetime ECLs recognised from initial recognition of the receivable. These assets are grouped, based on shared credit risk characteristics and days past due, with ECLs for each grouping determined, based on the Company's historical credit loss experience, adjusted for factors specific to each receivable, general economic conditions and expected changes in forecast conditions.

At each reporting date, management reviewed the carrying amounts of its loans and advances to determine whether there was any indication that those assets had suffered an impairment loss. If there was objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and advances had been incurred, management measured the amount of the loss as the difference between the estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition. Impairment losses were assessed individually for financial assets that were individually significant and collectively for assets that were not individually significant. In making collective assessments of impairment, financial assets were grouped into portfolios on the basis of similar characteristics.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

c) Significant accounting policies (continued)

Exceptional items

As required by IAS 1 '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 by the Company as exceptional items. These items are outside the normal course of business, not expected to recur and deemed quantitatively significant in the context of financial performance for the year

Interest payable and similar charges

Intercompany interest-bearing loans and bank overdrafts are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Profit and Loss Account over the period of the borrowings on an effective interest basis.

Interest receivable and similar income

Interest receivable is calculated on accrual basis.

4. Revenue

Revenue represents net billed sale of goods excluding value added tax. The Company operates within one business segment being that of wholesale and distribution of grocery products with business principally transacted in the United Kingdom.

5. Profit before interest and tax	2021	2020
	£m	£m
Profit before interest and tax is stated after charging:		
Depreciation of tangible assets (see note 11)	3.4	2.5
Depreciation of right of use assets (see note 12)	12.5	12.5
Exceptional costs	10.1	-
	<u>10.1</u>	<u>-</u>

The Company incurred integration costs relating to merger of Booker with Tesco of £10.1m (2020: £nil) shown as exceptional costs above. These costs are outside the normal course of business, not expected to recur and deemed quantitatively significant in the context of financial performance for the year

6. Auditor's remuneration

The Auditor's remuneration for the current and prior period of £105,000 (2020: £105,000) was borne by another Group company for auditing the financial statements of the Company.

There were no non-audit fees payable to the Company's auditor in the current or prior period.

7. Staff costs and Directors' remuneration	2021	2020
	£m	£m
a) Staff costs		
Wages and salaries	55.0	47.3
Social security costs	4.8	4.4
Other pension costs	2.1	1.7
	<u>61.9</u>	<u>53.4</u>

	2021	2020
	Number	Number
The average monthly number of persons employed by the Company during the period was	<u>1,573</u>	<u>1,477</u>

BOOKER RETAIL PARTNERS (GB) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)****7. Staff costs and Directors' remuneration (continued)****b) Directors' remuneration**

No remuneration or fees were paid by the Company to any of its directors during this or the previous period. The Directors of the Company were remunerated by other Group undertakings for their services to the Group as a whole. It is not practicable to allocate their remuneration in respect of each of the subsidiaries.

8. Interest receivable and similar income	2021	2020
	£m	£m
Interest on pension scheme (see notes 19c and 19d)	0.5	0.5
Finance income receivable on net investment in leases	0.0	0.8
Intercompany loan interest	0.4	0.1
	<u>0.9</u>	<u>1.4</u>

9. Interest payable and similar charges	2021 £m	2020 £m
Unwinding of discount on property provisions (see note 17)	0.2	0.3
Interest expense on lease liabilities	2.2	3.2
	<u>2.4</u>	<u>3.5</u>

10. Tax charge**(a) Factors that have affected the tax charge/(credit)**

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2020: 19%).

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax credit of £1.4m.

(b) Tax charge in the Profit and Loss Account	2021 £m	2020 £m
Current income tax:		
UK corporation tax	-	0.4
Deferred tax:		
Charge arising in the current period	2.5	2.2
Adjustments in respect of prior periods	(0.3)	(1.1)
Change in tax rate	(1.0)	-
	<u>1.2</u>	<u>1.5</u>

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

10. Tax charge on profit (continued)**(c) Reconciliation of the tax charge**

The differences between the total charge shown above and the amount calculated by applying the blended rate of UK corporation tax to profit is as follows:

	2021 £m	2020 £m
Profit on ordinary activities before tax	17.3	14.9
Tax charge at standard UK corporation tax rate of 19% (2020: 19%)	3.3	2.8
Expenses not deductible	0.6	-
Group relief claimed without payment	(1.4)	-
Change in tax rate	(1.0)	(0.2)
Adjustments in respect of prior periods	(0.3)	(1.1)
	<u>1.2</u>	<u>1.5</u>

(d) Tax in the statement of comprehensive income

	2021 £m	2020 £m
Deferred tax charge on:		
Pension scheme remeasurement	<u>(3.1)</u>	<u>1.6</u>

(e) Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Company and movements thereon during the current and prior financial periods measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

	Decelerated tax depreciation £m	Tax losses £m	Pension £m	Other items £m	Total £m
At 1 March 2020	4.0	4.5	(8.3)	0.2	0.4
Arising in respect of prior periods	0.2	0.2	-	(0.1)	0.3
Change in tax rate	0.5	0.5	-	-	1.0
Charged in the period	(0.6)	(2.0)	(0.1)	0.2	(2.5)
Credit to equity	-	-	3.1	-	3.1
	-----	-----	-----	-----	-----
At 28 February 2021	<u>4.1</u>	<u>3.2</u>	<u>(5.3)</u>	<u>0.3</u>	<u>2.3</u>

Based on an assessment of the quantum and timing of future taxable profits, all deferred tax assets are recognised in full.

BOOKER RETAIL PARTNERS (GB) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)****11. Property, plant and equipment**

	Land and buildings £m	Leasehold improvements £m	Plant and equipment £m	Total £m
Cost				
As at 1 March 2020	3.4	7.4	76.4	87.2
Additions	-	0.3	3.0	3.3
Disposals	-	-	-	-
Transfer from Group undertaking	-	-	-	-
	-----	-----	-----	-----
As at 28 February 2021	<u>3.4</u>	<u>7.7</u>	<u>79.4</u>	<u>90.5</u>
Accumulated depreciation				
As at 1 March 2020	3.4	5.2	67.9	76.5
Charge for the period	-	0.3	3.1	3.4
Disposals	-	-	-	-
	-----	-----	-----	-----
As at 28 February 2021	<u>3.4</u>	<u>5.5</u>	<u>71.0</u>	<u>79.9</u>
Net book value				

As at 28 February 2021	-	2.2	8.4	10.6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 1 March 2020	-	2.2	8.5	10.7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. Right of use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Net carrying value at 1 March 2020	61.1	27.2	88.3
Additions & modifications	2.0	0.7	2.7
Disposals	(2.1)	(0.3)	(2.4)
Depreciation charge for the period	(6.6)	(5.9)	(12.5)
	<u> </u>	<u> </u>	<u> </u>
Net carrying value at 28 February 2021	54.4	21.7	76.1
	<u> </u>	<u> </u>	<u> </u>

13. Investment in subsidiaries

	£m
Cost	
At start and end of period	153.8
	<u> </u>
Provision	
At start and end of period	153.8
	<u> </u>
Net book value	
At start and end of period	-
	<u> </u>

BOOKER RETAIL PARTNERS (GB) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY
2021 (continued)

The Company's wholly owned subsidiary undertakings are:

Name of Entity	Registered office address	Share class	% interest held	Principal activities
Bishop's Group Limited	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£0.01 Ordinary	100	Indirect holding
Booker Retail Limited *	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£0.10 Ordinary	100	Direct holding
Budgen Holdings Limited	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Indirect holding

Budgens Pensions Trustees No.2 Limited *	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Direct holding
Budgens Property Investments Limited	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Indirect holding
Budgens Stores Limited	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Indirect holding
Linnco Limited *	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Direct holding
Londis Holdings Limited *	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£50.00 Ordinary	100	Direct holding
Londis Pension Trustees Limited *	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£1.00 Ordinary	100	Direct holding
Murdoch Norton Limited	Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom.	£0.05 Ordinary	100	Indirect holding

14. Stocks

2021	2020
£m	£m

Goods held for resale

61.9	50.6
=====	=====

BOOKER RETAIL PARTNERS (GB) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

15. Trade and other receivables

2021	2020
£m	£m

Trade debtors
Amounts owed by group undertakings
Prepayments and accrued income
Finance lease receivables

53.3	41.7
25.5	39.0
3.6	4.5
18.3	20.9
-----	-----
100.7	106.1
=====	=====

Of the amounts owed by group undertakings, all amounts are unsecured, bear interest at 1.62% and have no fixed payment date. The amounts receivable from group companies presented as current assets are expected to be settled within the next twelve months, the settlement plans in place at the prior year end having been delayed due other business priorities through the pandemic.

16. Trade and other payables

2021	2020
-------------	-------------

	£m	£m
Accruals and deferred income	7.1	11.0
	<u>7.1</u>	<u>11.0</u>

17. Lease liabilities	2021	2020
	£m	£m
Current	13.4	14.4
Non-current	91.0	105.9
	<u>104.4</u>	<u>120.3</u>

The maturity analysis of the contractual undiscounted lease payments, is as follows:

Within 1 year	16.1	17.3
Greater than 1 year but less than 5 years	57.2	62.2
After than 5 years	52.6	65.4
	<u>125.9</u>	<u>144.9</u>

18. Provisions	£m
At 1 March 2020	9.0
charge	0.1
Unwinding of discount	0.2
	<u>9.3</u>
At 28 February 2021	

The provisions relate to the expected future dilapidation cost on leasehold properties.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

19. 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 £2.1m (2020: £1.7m) 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 1 March 2020 have been calculated by an independent actuary, by rolling forward from the results of the latest actuarial funding valuation, which is 31 March 2018 (Budgens pension scheme valuation as at 31 March 2021 is underway and due to be completed by March 2022) 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

	2021	2020
RPI inflation	3.01%	2.81%
CPI inflation	2.25%	1.98%
Discount rate	1.91%	1.83%
Rate of increase in salaries	2.52%	1.98%
Rate of increase of deferred benefits	2.52%	1.98%
Pension increases in payment	2.51%	2.08%

The following table illustrates the expectation of life of an average member retiring at age 65 at the reporting date and a member reaching age 65 at the reporting date +25 years. A comparison between the two retiree dates illustrates the expected improvements in mortality over the next 25 years.

		2021	2020
Retiring at reporting date at age 65:	Male	21.8	21.8
	Female	23.8	23.7
Retiring at reporting date +25 years at age 65:	Male	23.6	23.5
	Female	25.7	25.6

The weighted average duration of the defined benefit obligation is 19 years.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

19. Post-employment benefits (continued)

(b) The amounts recognised in the balance sheet

	2021 £m	2020 £m
Equities	5.3	4.2
Bonds	42.4	47.3
Other (alternative assets)	1.7	3.3
Other Liability Driven Investments (LDI)	54.3	52.4
Cash	4.3	5.3
	-----	-----
Fair value of Scheme assets	108.0	112.5
Present value of Scheme liabilities	(92.6)	(88.7)
	-----	-----
Net pension asset	15.4	23.8
	=====	=====

Where relevant, the bid value of the assets was provided by each of the various fund managers in which the scheme invests in. The LDI investment provides a long term expected return in line with equities but with asset value movements which respond to changes in bond yields and inflation expectations – this helps smooth the funding level compared to holding a

traditional equity investment. All scheme assets have quoted prices in active markets. The scheme does not hold any of the Company's financial instruments or property as plan assets.

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

	2021 £m	2020 £m
At start of period	112.5	103.1
Employer contributions	-	-
Interest income	2.1	2.7
Return on assets (less amount included in interest income)	(4.2)	10.1
Benefits paid	(2.4)	(3.4)
	<u>-----</u>	<u>-----</u>
At end of the period	<u>108.0</u>	<u>112.5</u>

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

	2021 £m	2020 £m
At start of period	(88.7)	(84.0)
Service cost - current	-	-
Service cost - past (plan amendments)	-	-
Interest cost	(1.6)	(2.2)
Remeasurement gains/(losses):		
From experience adjustments	0.1	4.4
From changes in demographic assumptions	-	0.8
From changes in financial assumptions	(4.8)	(11.1)
Benefits paid	2.4	3.4
	<u>-----</u>	<u>-----</u>
At end of the period	<u>(92.6)</u>	<u>(88.7)</u>

BOOKER RETAIL PARTNERS (GB) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY
2021 (continued)

19. Post-employment benefits (continued)

(e) Movement in the net defined benefit liability

	2021 £m	2020 £m
At start of period	23.8	19.1
Employer contributions	-	-
Net credit recognised in the profit and loss account	0.5	0.5
Total remeasurements included in the statement of other comprehensive income	(8.9)	4.2
	<u>-----</u>	<u>-----</u>
At end of the period	<u>15.4</u>	<u>23.8</u>

(f) Amounts recognised in the profit and loss account

	2021 £m	2020 £m
Expected return on pension scheme assets	2.1	2.7
Interest on pension scheme liabilities	(1.6)	(2.2)

Net credit on defined benefit obligation

0.5

0.5

(g) Risks associated with defined benefit pension schemes

The Company bears a number of risks in relation to the Scheme, which are described below:

Investment Risk

The Scheme's accounting liabilities are calculated using a discount rate set with reference to corporate bond yields. If the return on the Scheme's assets underperform this rate, the accounting deficit will increase. If the Scheme's assets underperform the expected return for the funding valuation, this may require additional contributions to be made.

Interest Rate Risk

A decrease in corporate bond yields will increase the accounting deficit under IAS 19. Similarly, a decrease in gilt yields will have an adverse impact on the funding position of the Scheme. This may lead to additional contributions to be made.

Inflation Risk

The Scheme's benefit obligations are linked to inflation. A higher rate of expected long-term inflation will therefore lead to higher liabilities, both for the IAS 19 and funding liability. If the Scheme's funding liability increases, this may require additional contributions to be made.

Life Expectancy Risk:

The Scheme's obligations are to provide benefits for the life of the member and so increases in life expectancy will lead to higher liabilities.

BOOKER RETAIL PARTNERS (GB) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)****19. Post-employment benefits (continued)****(h) Sensitivities**

The sensitivity of significant assumptions upon the Scheme defined benefit obligations are detailed below:

Financial assumptions – Increase/(decrease) in defined benefit obligation	Discount rate	Inflation rate
Impact of 0.1% increase of the assumption	-2.0%	1.4%
Impact of 1.0% increase of the assumption	-17.1%	14.7%
Impact of 0.1% decrease of the assumption	2.0%	-1.4%
Impact of 1.0% decrease of the assumption	22.7%	-11.8%

Mortality assumptions – Increase/(decrease) in UK defined benefit obligation

Impact of 1 year increase in longevity	3.9%
Impact of 1 year decrease in longevity	-4.0%

Sensitivities are calculated by changing the relevant assumption whilst holding all other assumptions constant. The sensitivities reflect the range of recent assumption movements and illustrate that the financial assumption sensitivities do not move in a linear fashion. Movements in the defined benefit obligation from discount rate and inflation rate changes may be partially offset by movements in assets.

(i) Contributions to be paid

For the Budgens Scheme, the latest actuarial valuation was carried out at 31 March 2018, and for the Londis Scheme at 30 April 2017, (actuarial valuation as at March 31 2021 has been requested and should be available by March 2022)
Both showed no shortfalls at these dates.

20. Capital and reserves

Called up share capital	2021 £m	2020 £m
Allotted, called up and fully paid		
56,905,001 ordinary shares of £1 each	<u>56.9</u>	<u>56.9</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Share premium

This represents the premium over the nominal value of the shares issued less any returns of capital.

21. Related party transactions

During the period the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

22. Ultimate Group undertaking

The Company's immediate parent undertaking is Booker Wholesale Holdings Limited. The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

BOOKER RETAIL PARTNERS (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 FEBRUARY 2021 (continued)

22. Ultimate Group undertaking (continued)

Copies of the Tesco PLC Annual Report and Financial Statements 2021 are available from the Company Secretary at the registered office address: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

23. Events after the reporting period

In the period since the end of the financial year and the signing of these accounts, the Company has entered into an agreement to wind up the Londis Pension Scheme. The estimated impact of the agreement would be a £1.5m charge in profit and loss account next year.