

**The Big Food Group Limited**  
**Report and Accounts**  
**52 weeks ended 30 March 2007**



Registered Number 1529002

# **The Big Food Group Limited**

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# **The Big Food Group Limited**

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## **Directors' Report**

The directors present their report and audited accounts for the 52 week period ending 30 March 2007

### **Principal activities and review of business**

The company's principal activity is that of a holding company

### **Results and dividends**

The company made a loss in the period of £2.9m (2006: loss £6.2m)

The directors do not recommend the payment of a dividend (2006: £nil)

The Company has a defined benefit pension scheme which provides final salary and money purchase benefits to its members. During the year, the Company, in consultation with the Pension Scheme Trustees, developed a liability reduction program whereby offers were made to certain members in return for such members relinquishing specific rights in the Booker Pension Scheme. In addition, the Pension Trustees amended the scheme rules to allow future retirees the option to take advantage of the offer on retirement. The financial impact of these are disclosed in note 13.

### **Directors and their interests**

The directors who held office during the period were as follows

HK Hustad  
JP Prentis

None of the directors serving at the period end had any interest in the shares of the company

The interests of the directors in the shares of Giant Topco Limited, the ultimate holding company, are disclosed in the financial statements of that Company

**Directors' Report (continued)**

**Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information

**Auditors**

A resolution for the appointment of KPMG Audit plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



**M Chilton**  
**Company Secretary**

Date 30 MAY 2007

**Registered Office**

Equity House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT

**Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements**

The directors are responsible for preparing the 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)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

**Report of the Independent Auditors to the Members of The Big Food Group Limited**

We have audited the financial statements of The Big Food Group Limited for the 52 week period ended 30 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 March 2007 and of its loss for the 52 week period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Kreg WLF*

**KPMG LLP**

Chartered Accountants

Registered Auditor

Date *30 May 2007*

# The Big Food Group Limited

## Profit and Loss Account For the 52 weeks ended 30 March 2007

		52 weeks ended 30 March 2007 £m	52 weeks ended 31 March 2006 £m
<b>Turnover</b>	Note	-	-
Administrative expenses - normal		(0 4)	(0 5)
- exceptional	4	(1 2)	-
		<u>(1 6)</u>	<u>(0 5)</u>
<b>Operating loss</b>	2 - 4	<u>(1 6)</u>	<u>(0 5)</u>
Other finance income	5	5 5	0 5
<b>Profit on ordinary activities before taxation</b>		<u>3 9</u>	<u>-</u>
Tax on profit on ordinary activities	6	(6 8)	(6 2)
<b>Retained loss for the period</b>	11	<u>(2 9)</u>	<u>(6 2)</u>

All operations in the current and previous period are continuing

# The Big Food Group Limited

## Balance Sheet At 30 March 2007

	Note	30 March 2007 £m	31 March 2006 £m
<b>Fixed assets</b>			
Investments	7	90 0	90 0
<b>Current assets</b>			
Debtors due within one year	8	287.2	287 2
Cash at bank and in hand		4 2	-
		<u>291 4</u>	<u>287 2</u>
<b>Creditors due within one year</b>	9	<u>(26 7)</u>	<u>(0 5)</u>
<b>Net current assets</b>		264 7	286 7
<b>Net assets excluding net pension liability</b>		354 7	376 7
<b>Net pension liability</b>	13	(16.5)	(54 0)
<b>Net assets</b>		<u>338 2</u> =====	<u>322 7</u> =====
<b>Capital and reserves</b>			
Called-up share capital	10	35 0	35 0
Merger reserve	11	330 4	330 4
Profit and loss account	11	<u>(27 2)</u>	<u>(42 7)</u>
<b>Shareholders' funds</b>	12	<u>338 2</u> =====	<u>322 7</u> =====

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



JP Prentis  
Director

Date 30 MAY 2007



## The Big Food Group Limited

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### Statement of Total Recognised Gains and Losses For the 52 weeks ended 30 March 2007

	52 weeks ended 30 March 2007 £m	52 weeks ended 31 March 2006 £m
Retained loss for the period	(2.9)	(6.2)
Actuarial gain on pension scheme (see note 13)	43.5	38.6
Deferred tax on actuarial gain	(13.0)	(11.6)
Payments to deferred pension members (see note 13)	(12.1)	-
Total recognised gains for the period	<u>15.5</u>	<u>20.8</u>

## **The Big Food Group Limited**

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### **Notes to the Accounts At 30 March 2007**

#### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

##### **Basis of preparation**

The accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable Accounting Standards

The company is a wholly owned subsidiary undertaking of Giant Topco Limited, which is registered in England and Wales. It is therefore exempt by virtue of s 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts. Accordingly, these reports and accounts present information about the company as an individual undertaking and not about its group.

##### **Statement of cash flows**

The Company is exempt from including a statement of cash flows in its accounts, as it is a wholly owned subsidiary of Giant Topco Limited, which is a company incorporated in the United Kingdom and has included a consolidated statement of cash flows in its consolidated accounts.

##### **Turnover**

Turnover relates to service fees to subsidiary undertakings, excluding value added tax.

##### **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.

##### **Interest**

Interest income and expense are recognised on an accruals basis. Costs of financing are amortised over the period of related facilities.

##### **Taxation**

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences of the treatment of certain items for taxation and accounting purposes.

##### **Deferred tax**

In accordance with FRS19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted
- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# The Big Food Group Limited

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## Notes to the Accounts At 30 March 2007

### 1 Accounting policies (continued)

#### Pension costs

The Company has a defined benefit scheme, to which it made contributions to fund the retirement benefits of members during the period. The assets of the scheme are held separately from those of the Company.

In respect of the defined benefit scheme the assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the scheme deficit is analysed between operating charges, finance items and in the statement of recognised gains and losses, actuarial gains and losses.

Gains arising from the exercises with deferred and current pensioners, as detailed in note 13, have been recorded directly to reserves.

#### Financial Guarantees

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts.

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

### 2 Operating loss

Auditors' remuneration for the current and prior period was borne by another group undertaking.

### 3 Employee costs and directors' remuneration

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

(a) Employee information	52 weeks ended 30 March 2007	52 weeks ended 31 March 2006
	£m	£m
Current service cost – defined benefit scheme	0.4	0.5
	=====	=====

#### (b) 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 Big Food Group Limited

## Notes to the Accounts At 30 March 2007

<b>4</b>	<b>Exceptional items (net)</b>	<b>52 weeks ended 30 March 2007 £m</b>	<b>52 weeks ended 31 March 2006 £m</b>
	Professional fees in respect of pensions	1.2 =====	- =====
<b>5</b>	<b>Other finance income</b>	<b>52 weeks ended 30 March 2007 £m</b>	<b>52 weeks ended 31 March 2006 £m</b>
	Expected return on pension scheme's assets	(40.2)	(36.4)
	Interest on pension scheme's liabilities	34.7 -----	35.9 -----
		(5.5) =====	(0.5) =====
<b>6</b>	<b>Tax on profit on ordinary activities</b>	<b>52 weeks ended 30 March 2007 £m</b>	<b>52 weeks ended 31 March 2006 £m</b>
	<b>Current tax</b>		
	UK corporation tax	-	-
	<b>Deferred Tax</b>		
	Movement in FRS 17 deferred tax asset	6.8 -----	6.2 -----
	Tax charge for the period	6.8 =====	6.2 =====
	<b>Reconciliation of the current taxation charge</b>		
	The tax assessed for the period differs to the standard rate of tax in the UK (30%). The differences are explained below		
	<b>Profit on ordinary activities before tax</b>	3.9 -----	- -----
	Tax on profit at 30% (UK standard rate)	1.2	-
	FRS 17 pension adjustments	(1.5)	-
	Group transfer pricing adjustment	5.2	6.1
	Group relief surrendered for which no payment received	0.3	-
	Short term timing differences	(5.2) -----	(6.1) -----
	Current tax charge for the period	- =====	- =====

There are unrecognised deferred tax assets of £nil (2006 £0.9m) that relate to trading losses and £nil (2006 £2.0m) in relation to non trading losses

# The Big Food Group Limited

## Notes to the Accounts At 30 March 2007

<b>7. Investments</b>	<b>Subsidiary undertakings £m</b>
<b>At start and end of period</b>	<b>90 0</b> =====

The Company's principal subsidiary undertakings at 30 March 2007, which are wholly owned and registered in the United Kingdom, are as follows

	<u>Principal activities</u>
BF Limited*	Finance/holding company
Booker Limited	Wholesale cash and carry
Giant Booker Limited	Finance/holding company

\*Direct subsidiary of The Big Food Group Limited

Full details of all group subsidiary undertakings are include in the Company's annual return filed with Companies House

<b>8 Debtors due within one year</b>	<b>30 March 2007 £m</b>	<b>31 March 2006 £m</b>
Amounts owed by subsidiary undertakings	<b>287.2</b> =====	<b>287 2</b> =====

Amounts due from group undertakings are all unsecured and are interest free

<b>9 Creditors due within one year</b>	<b>30 March 2007 £m</b>	<b>31 March 2006 £m</b>
Amounts owed to subsidiary undertakings	<b>14 0</b>	<b>0 5</b>
Accruals and deferred income	<b>12 7</b>	<b>-</b>
	----- <b>26 7</b> =====	----- <b>0 5</b> =====

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

<b>10 Share capital</b>	<b>30 March 2007 £m</b>	<b>31 March 2006 £m</b>
<b>Authorised</b>		
500,000,000 ordinary shares of 10p each	<b>50 0</b> =====	<b>50 0</b> =====
<b>Allotted, called up and fully paid</b>		
350,267,250 ordinary shares of 10p each	<b>35 0</b> =====	<b>35 0</b> =====

# The Big Food Group Limited

## Notes to the Accounts At 30 March 2007

<b>11</b>	<b>Reserves</b>	<b>Merger reserve £m</b>	<b>Profit and loss account £m</b>
	At start of period	330.4	(42.7)
	Retained loss for the period	-	(2.9)
	Other recognised gains and losses for the period (net)	-	18.4
	<b>At end of period</b>	<b>330.4</b>	<b>(27.2)</b>
		=====	=====
		<b>30 March 2007 £m</b>	<b>31 March 2006 £m</b>
	Profit and loss reserves excluding pension liability	(10.7)	11.3
	Pension liability	(16.5)	(54.0)
	<b>Profit and loss reserves including pension liability</b>	<b>(27.2)</b>	<b>(42.7)</b>
		=====	=====
<b>12</b>	<b>Reconciliation of movement in shareholders' funds</b>	<b>30 March 2007 £m</b>	<b>31 March 2006 £m</b>
	Retained loss for the period	(2.9)	(6.2)
	Other recognised gains for the period (net)	18.4	27.0
	<b>Net increase in shareholders' funds</b>	<b>15.5</b>	<b>20.8</b>
	<b>Shareholders' funds at the start of the period</b>	<b>322.7</b>	<b>301.9</b>
	<b>Shareholders' funds at the end of the period</b>	<b>338.2</b>	<b>322.7</b>
		=====	=====

## The Big Food Group Limited

### Notes to the Accounts At 30 March 2007

#### 13 Pension schemes

The Company has a defined benefit scheme in which benefits ceased to accrue in respect of service after 31 July 2002 and employees were provided with defined contribution arrangements. The assets of the scheme are held separately from those of the Group and are invested by independent fund managers appointed by the Trustees.

##### Defined benefit schemes

The latest full actuarial valuation was carried out at 31 March 2004 and was updated for FRS 17 purposes to 1 April 2005, 31 March 2006 and 30 March 2007 by a qualified independent actuary. The full actuarial for March 2007 will be issued in the next 12 months.

The major assumptions used for FRS 17 purposes were

	30 March 2007	31 March 2006	1 April 2005
Discount rate	5.40%	5.00%	5.40%
Rate of increase in salaries	4.50%	4.25%	4.25%
Pension increases	3.00%	2.75%	2.75%
Inflation	3.00%	2.75%	2.75%

The mortality assumptions are PA92C2005 for current pensioners and PA92C2015 for future pensioners.

The assets in the scheme and the expected rates of return are

	Long term rate of return expected			Market value		
	30 March 2007	31 March 2006	1 April 2005	30 March 2007 £m	31 March 2006 £m	1 April 2005 £m
Equity	8.00%	8.00%	8.00%	272.9	336.8	284.9
Bonds	5.30%	4.90%	5.40%	315.9	288.8	256.8
Other	5.25%	4.50%	4.75%	31.0	1.3	2.4
Total market value of assets				619.8	626.9	544.1

The following amounts were measured in accordance with the requirements of FRS 17

	30 March 2007 £m	31 March 2006 £m	1 April 2005 £m
Total market value of assets	619.8	626.9	544.1
Present value of scheme liabilities	(647.1)	(711.5)	(679.3)
Deficit in the scheme	(27.3)	(84.6)	(135.2)
Related deferred tax asset	10.8	30.6	48.5
Net pension liability	(16.5)	(54.0)	(86.7)

# The Big Food Group Limited

## Notes to the Accounts At 30 March 2007

### 13 Pension schemes (continued)

	52 weeks ended 30 March 2007 £m	52 weeks ended 31 March 2006 £m
<b>Amounts charged to operating profit</b>		
Current service cost – defined benefit scheme	0.4	0.5
	=====	=====
<b>Analysis of amounts included in other finance costs</b>		
Expected return on pension scheme assets	(40.2)	(36.4)
Interest on pension scheme liabilities	34.7	35.9
	-----	-----
Total financing credit	(5.5)	(0.5)
	=====	=====
<b>Amounts to be recorded in the statement of total recognised gains and losses</b>		
Difference between actual and expected return on assets	(19.4)	62.9
Experience gains/(losses) on liabilities	37.8	(0.2)
Change in actuarial assumptions	25.1	(24.1)
	-----	-----
Actuarial gain	43.5	38.6
	=====	=====
<b>Movement in deficit during the period</b>		
Deficit in the scheme at start of period	(84.6)	(135.2)
Total operating charge	(0.4)	(0.5)
Employer contributions	8.7	12.0
Total financing credit	5.5	0.5
Actuarial gain	43.5	38.6
	-----	-----
Deficit in the scheme at end of the period	(27.3)	(84.6)
	=====	=====

	2007 £m	2006 £m	2005 £m	2004 £m
<b>History of experience gains and losses</b>				
<b>Difference between the expected and actual return on scheme assets</b>				
Amount	(19.4)	62.9	16.4	47.0
Percentage of scheme assets	(3.1%)	10.0%	3.0%	9.8%
<b>Experience gains and losses on scheme liabilities</b>				
Amount	37.8	(0.2)	18.4	13.7
Percentage of the present value of scheme liabilities	5.9%	(0.0%)	2.7%	2.0%
<b>Total amount recorded in the statement of total recognised gains and losses</b>				
Amount	43.5	38.6	9.9	30.3
Percentage of the present value of scheme liabilities	6.7%	5.4%	1.5%	4.5%



## Notes to the Accounts At 30 March 2007

### 13. Pension schemes (continued)

During the period, the company decided to reduce some of the risk in relation to its defined benefit pension scheme by implementing two separate projects

- Deferred members were offered a payment, equal to the discount on the transfer value due to the scheme being underfunded, from the company if they opted to transfer out of the scheme to a new or existing scheme of their choice,
- Current pensioners were offered the option to change the way their benefits were received by way of a one off increase in their pension in return for foregoing all non statutory future annual increases. In addition, the pension scheme rules were amended to allow future pensioners the option of exchanging future pension increases at retirement

In the opinion of the Directors, FRS17 is not clear on how to account for the gain of £25.6m which arises from such a transfer value exercise. All members of the scheme have historically had the right to transfer out of the scheme and all pensioners included in the exercise were given the option to remain in the scheme. The Directors are of the view that the gains that have arisen can be treated as an experience gain within actuarial gains and recorded direct to reserves as the number of deferred members transferring out as a result of the exercise is greater than that assumed in previous valuations.

As the payments made by the Company to deferred members transferring out of the scheme are closely linked to the actuarial gain arising and does not relate to the ongoing wage cost of current employees, the Directors are of the view that it is appropriate to record the £12.1m charge direct to reserves in line with the accounting for the actuarial gain.

The £10.6m gain which has arisen from the exercise with current pensioners does not result in a change in benefits, rather than a change in the way benefits can be taken. The Company have therefore recorded the gain that has arisen direct to reserves, an accounting treatment which is consistent with that adopted for the gains arising out of A Day recorded in the prior year.

The breakdown of the actuarial gains in the period can be summarised as follows

	£m
Experience gains	
Deferred members	25.6
Pensioner increase exercise	10.6
Other gains	1.6
	-----
	37.8
	=====
Change in actuarial assumptions	
Future pensioners accepting increase	3.8
Changes in market indices	21.3
	-----
	25.1
	=====

The Trustees agreed to waive pension contributions to the value of the total cash payments. However, the monthly contributions continued to be paid by the Company into an Escrow account. At the period end, there is £4.2m in this account and it has been included within "Cash at bank and in hand".

"Exceptional costs" include £1.2m of professional fees which have been incurred to implement these arrangements.

## **The Big Food Group Limited**

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### **Notes to the Accounts At 30 March 2007**

#### **14 Contingent liabilities**

The Company has cross guaranteed the borrowings of other subsidiaries in the Giant Topco Group which at the period end amounted to £108.7m (2006 £163.1m)

#### **15 Related party transactions**

The company is a wholly owned subsidiary of Giant Topco Limited. In accordance with paragraph 3(c) of FRS 8 'Related Party Transactions' the company is exempt from disclosing details of arrangements with other companies in Giant Topco Limited.

#### **16. Ultimate parent undertaking**

At 30 March 2007, the ultimate parent undertaking and ultimate controlling party was Giant Topco Limited, a company registered in England and Wales. Giant Topco Limited was the parent undertaking of the only group, of which the company was a member, to consolidate these financial statements. Copies of the group financials are available from Giant Topco Limited, House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT. The company is a subsidiary undertaking of Giant Bidco Limited, incorporated in England and Wales.

#### **17 Post balance sheet events**

##### **Tax changes**

On 21 March 2007, it was announced that the standard rate of corporation tax was to be changed to 28% and capital allowance legislation impacting on the calculation of the deferred tax provision of the company will be introduced for taxable periods arising on or after 1 April 2008. For the purpose of the company accounts to 30 March 2007, the standard rate of corporation tax and capital allowance legislation applicable prior to 30 March 2008 has been applied on the basis that these were enacted at 30 March 2007.

##### **Corporate**

On 9 May 2007 it was announced that Blueheath Holdings plc has conditionally agreed to acquire the entire issued share capital of Giant Topco Limited. Under AIM listing rules, the transaction will be treated as a reverse acquisition.