BOOKER



DRIVING AND BROADENING THE BUSINESS

BOOKER GROUP PLC
ANNUAL REPORT & ACCOUNTS 2013

BOOKER

Booker Group is the UK's leading food wholesaler.

The Group now comprises Booker Wholesale, Makro, Booker Direct, Classic Drinks, Ritter Courivaud, Chef Direct and Booker India. Together we are privileged to serve 1.5 million customers.

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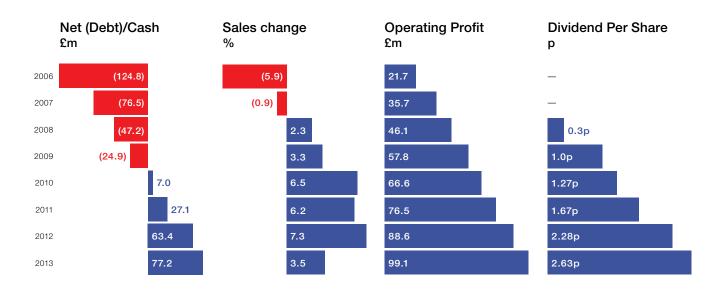
Notes: This document includes forward looking statements with respect to Booker Group plc's (the Group's) plans and its current goals and expectations relating to its future financial condition, performance and results. These forward looking statements sometimes contain words such as 'anticipate', 'target',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

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

HIGHLIGHTS

"In November 2005 we announced the plan to Focus, Drive and Broaden the business. We continue to make good progress."

Charles Wilson, Chief Executive.



Financial Highlights (Makro not consolidated)

2012/13 was a 52 week reporting period, however 2011/12 was a 53 week reporting period. In order to make a comparison sales and profit are compared with the first 52 weeks of last year.

- Total sales £4.0bn, +3.5%
- Like-for-like sales +3.3%: non tobacco +4.5%, tobacco +1.3%
- Operating profit (pre £3m exceptional charge related to Makro acquisition costs) +12% to £99.1m
- Profit before tax +13% to £101.4m
- Profit after tax +12% to £83.1m
- Basic earnings per share up 0.16 pence to 4.93 pence, after equity dilution arising from the share element of the Makro consideration
- Net cash of £77.2m (2012: £63.4m), after paying £15.8m in respect of the cash element of the Makro consideration
- Proposed final dividend up 15% at 2.25 pence per share, making a total dividend for the year of 2.63 pence per share, up 15%

Operational Highlights

- Customer satisfaction continued to improve and we increased sales by £135m
- Sales to caterers +6.2% and sales to retailers +2.0%
- Delivered sales up 9.5% to £1.15bn
- Internet sales up 10.9% to £704m
- Booker Direct, Ritter Courivaud and Classic are performing well and Chef Direct is becoming the new force in foodservice
- Clearance from the Competition Commission was received on 19 April 2013. Makro and Booker are now coming together to improve choice, price and service for caterers, retailers and small business via the web, delivery and cash and carry
- Our Indian business currently has four branches and continues to make progress with the opening of a further two in the year ahead

BUSINESS PROFILE (EXCLUDING MAKRO)

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

52 Weeks	Customer Numbers 000's¹	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011	Sales² £bn 2012	Sales £bn 2013
Caterers	341	0.93	1.01	1.11	1.22	1.28
Retailers	86	2.19	2.31	2.41	2.56	2.62
Others	77	0.06	0.07	0.08	0.08	0.09
Total	504	3.18	3.39	3.60	3.86	3.99

Of our sales, £2.5bn is non-tobacco and £1.5bn is tobacco.

52 Weeks	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011	Sales² £bn 2012	Sales £bn 2013
Non Tobacco	1.95	2.09	2.24	2.39	2.50
Tobacco	1.23	1.30	1.36	1.47	1.49
Total	3.18	3.39	3.60	3.86	3.99

£2.8bn of our sales are collected from the cash and carry by the customer. £1.2bn is delivered to the customers' premises.

52 Weeks	Sales £bn 2009	Sales £bn 2010	Sales £bn 2011	Sales² £bn 2012	Sales £bn 2013
Collected from cash and carry	2.50	2.59	2.67	2.81	2.84
Delivered to customers' premises	0.68	0.80	0.93	1.05	1.15
Total	3.18	3.39	3.60	3.86	3.99

Substantial progress has been achieved.

		2009	2010	2011	2012²	2013
Sales Change (52 Weeks)	%	+3.3	+6.5	+6.2	+7.3	+3.5
Operating Profit (52 Weeks)	£m	57.8	66.6	76.5	88.6	99.1
Net (Debt) / Cash	£m	(24.9)	7.0	27.1	63.4	77.2

¹ Includes approximately 12,000 customers of Booker India, 3,000 of Ritter-Courivaud and 3,000 of Classic Drinks

 $^{^{\}rm 2}$ 2012 was a 53 week statutory reporting period

CHAIRMAN'S STATEMENT

I am pleased to report that Booker Group plc has delivered another good performance. In the 52 weeks to 29 March 2013 sales rose by 3.5% to $\mathfrak{L}4.0$ bn and operating profit of $\mathfrak{L}99.1$ m was up 12% as customer satisfaction continued to improve. The financial performance was good and the Group ended the financial year with net cash of $\mathfrak{L}77.2$ m. The drive into the catering market is working, with sales to caterers up by 6.2%. Sales to retailers also rose by 2.0%.

The plans to 'Broaden' the business are going well. In the 52 weeks to 29 March 2013 Booker distributed £1.15bn of product to our customers' premises versus £1.05bn last year as we continue to expand our delivered service. We launched Chef Direct last year and are pleased to have been awarded a number of prestigious accounts. Internet sales were £704m compared to £635m in the previous year and Booker India is making good progress.

During the year we also acquired Makro. As the Competition Commission's clearance of the transaction was received on 19 April 2013, Makro has not been consolidated into these accounts. We are delighted to have the team from Makro join Booker Group and we are also pleased to have Metro AG as a strategic partner and major shareholder.

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

Basic earnings per share were 4.93 pence, up from 4.77 pence (52 weeks) last year, after a 9.99% equity dilution arising from the share element of the Makro consideration. Given the strong operational performance and cash flow of the business the Board recommends the payment of a final dividend of 2.25 pence per share (2012: 1.95 pence per share) which, together with the interim dividend, makes a total dividend for the year of 2.63 pence per share (2012: 2.28 pence per share). The final dividend is payable on 12 July 2013 to shareholders on the register on 14 June 2013.

Outlook

The economy is expected to remain difficult in the year ahead and the food wholesale market remains very competitive. Nevertheless, we expect to continue to make progress in this challenging environment. The Group's trading in the first seven weeks of the current financial year is ahead of last year and we remain on course to meet our expectations for the year.

Annual General Meeting

Our Annual General Meeting will be held on 10 July 2013. The notice of Annual General Meeting separately accompanies this document.

Richard Rose Chairman

Booker Group plc has delivered another good performance

CHIEF EXECUTIVE'S REVIEW



Since November 2005 Booker Group has been seeking to 'Focus, Drive and Broaden' the business. We continue to make good progress.

FOCUS

(commenced November 2005)

Booker seeks to become the most efficient operator in our sector. Bryn Satherley and his team continue to improve business efficiency. We 'stop, simplify and standardise' work and invest most of the savings in customer service. Through tight cash management we have now increased net cash from £63.4m last year to £77.2m this year. This is after paying £15.8m as the cash consideration for the Makro deal.

DRIVE

(commenced March 2006)

Booker Wholesale, our cash and carry business, served 486,000 customers this year up from 465,000 last year. Guy Farrant and the team continue to 'Drive' choice, price and service. Each year we survey 40,000 customers to identify where improvements can be made. Customer satisfaction improved again this year and our customer count has increased again, by 21,000 customers.

Choice Up

- In 2007 we launched Euro Shopper as an entry price brand for independent retailers. It now has retail sales of £156m. The range has 83 products and retailers achieve a minimum of 30% margin.
- In 2010 we launched Farm Fresh. Sales in the year to 29 March 2013 were £55m. The quality and freshness of the produce is second to none and can be delivered to our customers within 48 hours of being harvested.
- Chef's Larder is our own label brand for caterers. Sales were £207m, up 13% on the prior year. Progress has been made across the range.

During the year the UK food industry
was challenged by horsemeat being
found in some comminuted beef
products. Over the past five years
Booker has made good progress in
tightening quality requirements and
supply chain controls. None of our
products were found to contain horse
DNA. We will continue to improve
quality and supply chain control in the
years ahead.

Prices Down

Ours is a very price competitive market. Every week we monitor prices versus competitors and during the year our price index remained competitive. In the year we "locked down" prices for caterers which has proved very effective in helping caterers plan their menu with confidence.

Better Service

- Stock availability further improved to be the best we have achieved.
- Our people are doing an excellent job.
 Our customers rate Booker people
 highly. Business Centre teams have
 been trained in PRIDE to help improve
 the Parking, Reception, Internal,
 Delivery and Exit experience.
- We have continued to expand and improve our delivery service.
- We have more specialist butchers and greengrocers within the business.

Catering

 Catering Sales grew by 6.2% to £1.4bn, as our choice, price and service continued to improve. Our catering development sales force continues to serve our existing customers and to introduce new customers to Booker. Since November 2005 Booker Group has been seeking to 'Focus, Drive and Broaden' the business

Premier

 Premier, Booker's symbol group, grew by 11%. The estate grew to 2,802 stores. The retail development team has put a lot of work into compliance and building the sales and profits of existing Premier stores.

BROADEN (commenced April 2007)

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

Makro

 The most important change we have made to Broaden the Group is the acquisition of Makro. Makro serves 1 million small business customers, has great people, good locations and excellent products. Through Booker and Makro coming together we seek to become the UK's leading wholesaler to caterers, retailers and small businesses. We will offer our customers better choice, prices and service via the internet, delivery and cash and carry. The transaction was cleared by the Competition Commission on 19 April 2013 and as a result the Makro financials were not consolidated into the Group accounts for the year to 29 March 2013. The real merits of the transaction will appear in the next few years. We will combine the best ranges from Makro and Booker to improve overall choice. Through consolidating buying volumes we should improve prices for customers. Service will improve as we have increased capacity for delivery, and an integrated supply chain will improve availability. This should help the Group grow to an estimated £6bn of sales in the next few years. I am pleased that Steve Blan and the team at Makro are already settling into the Group. We paid for Makro through issuing 9.99% of our equity to Metro AG and a cash payment of £15.8m. We are delighted to have Metro AG as a strategic partner and major shareholder. We can see opportunities to source with Metro AG and to share expertise to the benefit of our UK business. The transaction has taken a year to complete and I am very grateful to all in Booker and Makro who have been patient during this process.

Improving the cash and carry business centre experience

• We have now converted 145 of our 172 business centres to the 'Extra' format. This features a lighter, brighter business centre environment and an improved choice, price and service. The conversion pays back in around a year and we plan to convert a further 5 business centres to 'Extra' in the year ahead. The lessons from Extra will be rolled to the rest of the business and to Makro.

Harnessing the Internet

• Sales at booker.co.uk were £704m, up from £635m last year and £15m in 2005. All these sales are delivered to our customers' premises. We have 255,000 customers registered on the website compared to 170,000 last year. Customers can view their account details, use an iPhone app and order products. We have also developed our first customer forum for Premier customers.

Booker Direct/Ritter-Courivaud/ Classic Drinks/Chef Direct

- Mark Aylwin and his team are building our delivered wholesale business. Booker Direct has great customers including the prison service in England and Wales, Marks & Spencer and most of the cinema chains in the UK.
- In 2010 we acquired Classic Drinks, an on-trade wholesaler supplying pubs and licensed customers mainly in the North West. We are in the process of rolling this expertise out on a national basis.
- In 2010 we acquired Ritter-Courivaud, a leading speciality food supplier to restaurants. Through combining the logistics expertise we have in Booker Direct, with the catering knowledge from Ritter-Courivaud and the Groups' buying scale, we launched Chef Direct in 2012. Chef Direct is based in Didcot and has won some important clients such as Aramark and Loch Fyne Restaurants.
- In the last year the Group delivered £1.1bn of product to retailers and caterers in the UK. Through using some of the space in the Makro business centres we will be able to increase our delivered business.

Booker India

 In September 2009 we opened our first business centre in Mumbai. We now have 12,000 customers and the customer reaction has been excellent. We have also launched 185 Happy Shopper symbol retailers which harness the lessons from Premier in the UK for the Kirana stores of Mumbai. In 2011 we opened our first joint venture business centre in Pune. Our partner in Pune is

CHIEF EXECUTIVE'S REVIEW

continued

Satnam Arora, who has expertise which compliments our own. We now have 3 branches in Mumbai and one joint venture branch in Pune. We look forward to developing the Booker offer to become the best choice, price and service supplier to Kirana stores and caterers. We anticipate opening a further two branches in 2013/14.

Sustainability

- Booker was the first UK food wholesaler to be awarded the Carbon Trust Standard and the first to achieve certification. Booker are also The Grocer Gold "Green Wholesaler of the Year" 2012.
- Booker ranked higher than any major wholesaler or multiple retailer in the 2012 Government Carbon Reduction Commitment league table.
- 13,000 customers are now recycling with Booker through the packaging and used cooking oil recycling services. This helps our customers save money, increase recycling levels and support more sustainable communities throughout the UK.
- Overall Booker recycling volumes are up 42% against last year.
- We donated 126,000 meals to charity in the last quarter. A national roll out is underway for every branch to link up with local food charities.

People

 The progress at Booker has been achieved by our great team of people.
 We are committed to continuing to make Booker better and safer for colleagues. We are also developing talent. For example, there is a shortage of butchers in the trade, so we have partnered with the University of West London to develop a formal "butchery apprenticeship". 28 new butchers graduated this year and 42 signed up for the next scheme. We developed a similar scheme for greengrocers with 47 colleagues graduating this year and 85 signing up for the coming year.

- For the sixth year running, the performance of the business means our people have shared in our success through our bonus system.
 With this great team of people Booker will continue to make progress in the year ahead.
- We are delighted to have the team at Makro join the Group. Together we will build a company which improves choice, price and service for our customers.

Our plan to Focus, Drive and Broaden the business remains on track. Customer satisfaction continued to improve and we grew sales by over £135m. Most importantly we teamed up with Makro. Together Booker and Makro will become the UK's leading wholesaler to caterers, retailers and small businesses. We will provide our customers with improved choice, prices and service via the internet, delivery and cash and carry. We have a great team at Booker and Makro and together we will help our customers prosper in the year ahead.

Charles Wilson Chief Executive

GROUP FINANCE DIRECTOR'S REPORT



Financial Review

2012/13 was a 52 week reporting period, however 2011/12 was a 53 week reporting period. In order to make a comparison to last year, all reported income statement numbers in the Financial Review are compared with the first 52 weeks of last year.

The summary of results for the group is as follows:

	2013 £m (52 weeks)	2012 £m (53 weeks)	2012 £m (52 weeks)	Change % (52 weeks)
Revenue	3,992.2	3,932.8	3,856.8	+ 3.5
Operating profit (before exceptional items)	99.1	89.6	88.6	+ 11.9
Profit before tax	101.4	90.8	89.7	+ 13.0
Profit after tax	83.1	74.9	74.0	+12.3
Basic earnings per share (pence)	4.93	4.83	4.77	+ 3.4

Overall Group revenue increased by 3.5% to £4.0bn. Non tobacco like for like sales increased by 4.5% while like for like tobacco sales increased by 1.3%.

Operating margin increased by 0.18 percentage points to 2.48% (2012: 2.30%) increasing group operating profit by £10.5m to £99.1m. The improvement in margin was due to a favourable product mix and control of costs.

Exceptional stamp duty and deal fees of £3m were charged in relation to acquiring Makro.

The net finance credit of £5.3m (2012: £1.1m) comprised:

- cost of borrowing of £0.5m (2012: £0.8m)
- the amortisation of fees and discounting of provisions of £1.7m (2012: £4.3m)
- a credit relating to the expected return on pension scheme assets less amortisation of liabilities of £7.5m (2012: £6.2m). IAS 19 (Revised) 'Employee Benefits' will be effective for the period commencing April 2013. Had the standard been applied in the year ended 29 March 2013, the £7.5m credit arising in 2012/13 would have been a charge of £0.6m and £1.2m would have been charged to administrative expenses.

Profit before tax rose £11.7m to £101.4m (2012: £89.7m), an increase of 13.0%.

The underlying effective tax rate (being the tax charge as a percentage of profit before taxation and exceptional items) for the Group of 17.5% (2012: 17.5%) was below the standard rate of corporation tax in the UK, due principally to the utilisation of tax assets not recognised in prior years and utilisation of Makro's post acquisition tax losses.

The Group has other unrecognised tax assets, including Makro tax losses, but the quantum and timing of utilisation is not certain. Utilisation of these tax assets could result in the effective tax rate remaining below 20% for the next three years, subject to the manner of integration of Makro into the wider Booker Group.

Profit after tax was £83.1m, an increase of £9.1m compared to 2012.

Basic earnings per share rose to 4.93p, up 3.4% from 4.77p in 2012, after a 9.99% equity dilution arising from the share element of the Makro consideration.

Dividend

The Board is recommending a final dividend of 2.25 pence per share (2012: 1.95 pence per share) payable (subject to shareholder approval at the Annual General Meeting, to be held on 10 July 2013) on 12 July 2013 to shareholders on the register at 14 June 2013. The shares will go exdividend on 12 June 2013.

The final dividend increases the total dividend for the year to 2.63 pence per share, up 15% on 2012 (2012: 2.28 pence per share).

Cash Flow

Management has continued to focus on cash generation resulting in a net improvement of £13.8m in the year to close with a net cash position of £77.2m at 29 March 2013. Earnings before interest, tax, depreciation and amortisation ('EBITDA') of £113.4m, funded the part cash consideration of £15.8m for the Makro business, capital expenditure of £14.1m (2012: £24.1m) and the payment of £37.0m of dividends (2012: £26.5m).

Pensions

The Booker Pension Scheme ('the Scheme') is a defined benefit scheme that was closed to new members in October 2001, and was closed to future accruals for existing members in August 2002. At 29 March 2013, the Scheme had an IAS 19 deficit of £6.8m (2012: £19.0m), comprising Scheme assets of £608.7m and estimated liabilities of £615.5m. The Group contributed £10.8m (2012: £8.4m) in the year of which £1.2m (2012: £1.2m) was in relation to the costs of administering the Scheme.

GROUP FINANCE DIRECTOR'S REPORT

continued

The 2010 Triennial valuation agreed with the pension fund Trustee reflects a Scheme Funding deficit of £67.6m at 31 March 2010 recovered through company contributions at the rate of £9.6m per annum from April 2011 to October 2016. The next Triennial valuation date is 31 March 2013, any variation in annual contributions from the previously agreed schedule being effective from April 2014.

Goodwill

The net book value of goodwill on the balance sheet is £436.4m (2012: £436.4m). The goodwill carrying value is more than supported by expected future cash flows discounted back to present day values at a pre-tax discount rate of 10.8% (2012: 10.8%).

Capital Structure

The Group finances its operations through a combination of bank borrowings, leases and retained profits and its capital base is structured to meet the ongoing requirements of the business. As at 29 March 2013, the Group had net cash of £77.2m (2012: £63.4m).

Borrowing Facilities

The Group entered into a five year facility on 28 July 2011 comprising an unsecured £120.0m revolving credit facility. The revolving credit facility is unsecured against the assets of the Group.

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

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

The Group complied with its covenants throughout the year. At 29 March 2013, under UK GAAP, the Group achieved a Fixed Charge Cover of 3.4 and Leverage of nil, comfortably exceeding its covenant obligations.

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

Interest Rates

Funds drawn on the revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 1.25%, where the ratio of net debt/ EBITDA is less than one. A commitment fee is payable at 0.5% of the unutilised facility.

The cost of borrowing during the year was £0.5m (2012: £0.8m).

Liquidity

At 29 March 2013, the Group held £77.2m in cash and cash equivalents. The Group also had in issue £5.5m of guarantees (2012: £4.3m) leaving undrawn facilities at 29 March 2013 of £114.5m.

Net cash, after paying £15.8m in respect of the cash element of the Makro consideration, increased by £13.8m in the year to £77.2m

The peak level of drawdown on the revolving credit facility on a cleared basis in the year to 29 March 2013 was £46.1m giving a minimum facility headroom in the year of £66.9m after taking into account the guarantees facility of £7m.

Risk Management

The Board is continually reviewing the risks to people, profits, assets, reputation and funding that the business faces. The year ended 29 March 2013 was challenging with the continued impact of the 'credit crisis' and periods of commodity price uncertainty. Despite these and other challenges the Group's risk management controls operated well.

The Acquisition of Makro

On 4 July 2012 Booker Group plc acquired Makro Holding Limited and two subsidiaries: Makro Self Service Wholesalers Limited and Properties Limited (together 'Makro'). The terms of the transaction were that Makro was to be acquired cash free and debt free and that the acquired balance sheet reflected normalised working capital. The consideration paid comprised the issue of 156,621,525 new ordinary shares in Booker Group plc to Metro AG and £15.8m cash. In addition a further £4.9m was paid to reflect an above target cash and working capital position at 30 June 2012.

The transaction was subject to competition approval and, during this process, we were required to hold Makro separate from the rest of Booker in accordance with undertakings given to the competition authorities in the normal way. The competition review was still ongoing at 29 March 2013 and during this hold separate period, under accounting rules (IFRS 3 and IAS 27), Makro's results were required to be excluded from the Group's results. At 29 March 2013, therefore, the consideration paid for Makro was held

as an investment in the Group's balance sheet. Full clearance of the transaction was received by the Competition Commission on 19 April 2013 and Makro will be consolidated from this date.

In the year ending March 2014, we expect the Group's operating profit to increase by circa £10m as a result of the acquisition. This is the aggregate of an estimated base operating loss of £16m for Makro and anticipated Group synergy benefits in the year of approximately £26m across the Group, estimated to comprise the following:

- £6m of cost savings already actioned by Makro management
- £3m to £4m of other cost savings, including some arising from supply chain
- £1m to £2m from goods not for resale
- £7m to £12m from cost of goods improvement
- £2m to £5m from margin improvements on fresh products
- £1m to £3m from rent and rates savings on branches

Although the synergy benefits relate mostly to the year as a whole, the majority will be realised in the second half of the financial year.

Booker is required to fair value Makro's assets and liabilities at the date of consolidation. Makro has 24 freehold and 6 long leasehold properties which have been independently valued in 2012 for Booker at £156m and for Makro at £144m on a vacant possession basis. The estimated fair value of Makro's assets and liabilities at the date of consolidation was approximately £158m including properties of £144m (adopting Makro's valuation). Our provisional view, subject to further investigation, is that the fair value of Makro's acquired net assets at the date of consolidation will be greater

than the fair value of consideration paid by circa $\mathfrak{L}13m$ and this difference will be credited to the Group's income statement as an exceptional item in 2013/14. Any reorganisation costs incurred in the year ending March 2014 and estimated to be up to $\mathfrak{L}5m$, will be charged as an exceptional item in 2013/14.

Jonathan Prentis
Group Finance Director

DIRECTORS AND OFFICERS



Richard Rose (Age: 57)

Non-Executive Chairman and Chairman
of Nomination Committee

Richard was an Executive Director and Chairman of Blueheath Holdings plc ('Blueheath') immediately prior to the reverse acquisition of Blueheath by the Booker Group in 2007 and became Non-Executive Chairman of the Company upon completion of the merger. Richard was formerly Chief Executive of Whittard of Chelsea plc, a multi site retailer of tea and coffee which was sold in 2006. Previously he was a Director of Hagemeyer (UK) Ltd, a distributor of professional products and services, with a UK turnover approaching £1 billion through 360 outlets. Prior to that he had been Chief Executive of WF Electrical plc, a fully listed electrical distributor, where he created a substantial improvement in shareholder value. Hagemeyer purchased WF Electrical plc in 2000. He was also Non-Executive Chairman of AC Electrical Wholesale Ltd where he led a successful growth strategy resulting in a substantial increase in shareholder value. The business was sold to Wolseley in 2006. He was Executive Chairman of Helphire Group plc from 2009 to 2011. He is also Non-Executive Chairman of Anpario plc, Crawshaw Group plc and a Non-Executive Director of DRL Group Ltd.



Jonathan Prentis (Age: 51) Group Finance Director

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



Bryn Satherley (Age: 52) Operations Director

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



Mark Aylwin (Age: 49)

Managing Director – Booker Direct

Mark is Managing Director of Booker Direct. Prior to that, he was Chief Executive of Blueheath. Mark was previously Supply Chain and IT Director at Musgrave Budgens Londis. He has over twenty years trading, supply chain and logistics experience in the food industry, principally at Safeway where he was Commercial Director for Non-Foods and Supply Chain Director.



Mark Chilton (Age: 50) Company Secretary

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



Charles Wilson (Age: 47) Chief Executive

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



Guy Farrant (Age: 51)

Managing Director – UK Cash and Carry

Guy is Managing Director of the Group's UK cash and carry business. Guy has a wealth of food experience having worked in the food industry for 25 years rising to be Director of Food and, latterly, Operations and Retail Director at Marks and Spencer plc.



Lord Bilimoria CBE, DL (Age: 51) Non-Executive Director and Senior Independent Director

Karan Bilimoria is the founder of Cobra Beer, Chairman of the Cobra Beer Partnership Limited, a Joint Venture with Molson Coors, and Chairman of Molson Coors Cobra India. He is the Founder of the UK India Business Council and a founding member of the Prime Minster of India's Global Advisory Council. Karan is a former Chancellor of Thames Valley University (now the University of West London), He is an honorary fellow of Sidney Sussex College Cambridge and a Member of the Advisory Board of the Judge Business School, Cambridge University. Karan is an Independent Crossbench Peer in the House of Lords. He qualified as a Chartered Accountant with Ernst & Young and graduated in law from the University of Cambridge. He is also an alumnus of the Cranfield School of Management, the London Business School and the Harvard Business School.



Andrew Cripps (Age: 55)
Non-Executive Director and Chairman
of Audit Committee

Andrew read Economics at the University of Cambridge prior to qualifying as a Chartered Accountant with KPMG. Following twenty years with Rothmans International and British American Tobacco Plc, he has held a number of Non-Executive Directorships in the UK and Europe. Andrew is currently Non-Executive Deputy Chairman of Swedish Match AB and a Non-Executive Director of Boparan Holdings Limited.



Stewart Gilliland (Age: 56)
Non-Executive Director

Stewart was formerly Chief Executive of Muller Dairies UK and Ireland after a long career spent in senior roles with leading consumer facing companies, including Whitbread and Interbrew. His current roles include Non-Executive Directorships of Sutton and East Surrey Water Plc, Vianet Group plc, (formerly Brulines Group plc), Natures Way Food Limited and C&C Group Plc.



Karen Jones CBE, (Age: 56) Non-Executive Director and Chairman of Remuneration Committee

Karen was Chief Executive of Spirit Group Ltd, a private equity backed pub & restaurant group, which was built up by acquisition and sold to Punch Taverns in 2006. Prior to Spirit, Karen founded, grew and floated The Pelican Group Plc. owner of a number of restaurant chains including Café Rouge, which was acquired by Whitbread in 1996. Karen has a first class honours degree from University of East Anglia, and also attended Welleslev College, USA. Karen is a founder and Chairman of Food and Fuel Ltd, a hospitality company, which currently consists of eleven gastropubs in London. Karen is a Non-Executive Director of ASOS Plc, COFRA AG. Firmenich International SA. Rex Restaurant Associates Ltd and Royal National Theatre Enterprises Ltd. She is a Governor of Ashridge Business School and has been appointed to the Board of the Women's Prize for Fiction.



Helena Andreas (Age: 38) Non-Executive Director

Helena is Group Head of Retail & Distribution at Vodafone Group and covers retail channel strategy, in-store customer experience, operational efficiency including processes, people and IT. She is also leading a global in-store transformation programme. Prior to joining Vodafone Helena held senior positions in marketing and operations at Tesco Group plc and as a business consultant within Retail and Consumer at Accenture. Helena holds an MBA from INSEAD. Helena is a Non-Executive Director of Extenda, a leading supplier of retail POS systems.

CORPORATE GOVERNANCE

Compliance with the UK Corporate Governance Code

Throughout the year ended 29 March 2013 and to the date of this document, the Company complied with the provisions and applied the Main Principles of the UK Corporate Governance Code 2010 (the "Code"), except in relation to provision B.1.2 in respect of the balance of Executive and Non-Executive Directors, where the Company was only compliant from 14 November 2012.

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

The Role of the Board and its committees

The Board

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

The Code requires that at least half the Board, excluding the Chairman, should comprise independent Non-Executive Directors as determined by the Board. The Nomination Committee has been searching for a complimentary Non Executive Director and the Board appointed Helena Andreas as a Non-Executive Director on 14 November 2012, since which date the Company has been fully compliant with the Code.

The Board is content that the independent judgement of the Non-Executive Directors has not been adversely impacted during the period of non-compliance.

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

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

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

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

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

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 10 and 11.

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

	Board	Audit	Remuneration	Nomination
Executive				
Charles Wilson abc	14/14	2/5	3/5	1/2
Jonathan Prentis ^a	14/14	5/5		
Mark Aylwin	14/14			
Guy Farrant	14/14			
Bryn Satherley d	13/14			
Non-Executive				
Richard Rose abe	14/14	1/5	1/5	2/2
Lord Bilimoria ^e	14/14	5/5	5/5	2/2
Andrew Cripps ^e	14/14	5/5	5/5	2/2
Stewart Gilliland ef	14/14	4/5		
Karen Jones ce	14/14	1/5	5/5	1/2
Helena Andreas eg	5/5			

- a Not a member of the Audit Committee but attended by invitation
- b Not a member of the Remuneration Committee but attended by invitation
- c Not a member of the Nomination Committee but attended by invitation
- d Bryn Satherley was unable to attend the July 2012 Board meeting due to a prior personal commitment
- e Independent Non-Executive Director
- f Stewart Gilliland was unable to attend the October 2012 Audit Committee meeting due to a prior personal commitment
- g Helena Andreas was appointed to the Board on 14 November 2012

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

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

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

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

Information and professional development

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

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

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

CORPORATE GOVERNANCE

continued

Information and professional development continued

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

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

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

Performance evaluation

The Board undertook an externally facilitated evaluation in 2013. This evaluation was led by the Chairman and was externally facilitated by the Institute of Directors ("IoD"). The IoD had no other connection with the Company and was not subject to any conflict of interest.

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

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

Feedback was provided by a comprehensive written report to the Chairman and a report to the Board meeting in May 2013. At that meeting the Board discussed the evaluation process and the findings. Good progress was noted across all the areas of review. The evaluation process gave assurance that each Director continued to contribute effectively and demonstrated commitment to the role. Whilst there were no specific training needs identified for Directors, it was felt that in a changing regulatory environment it would be helpful to establish a programme of continuing development tailored to Directors' needs and requirements.

No other actions or changes to Board or Committee practice were considered necessary in the immediate term following the evaluation.

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

Board Committees

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

Re-election of Directors

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

Relations with shareholders

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

The Code encourages a dialogue with institutional shareholders based on the mutual understanding of objectives. The Executive Directors have regular and ongoing communication with major shareholders throughout the year, by participating in investor roadshows and presentations to shareholders. Feedback from these visits is reported to the Board. The Executive Directors also have regular contact with analysts and brokers. The Chairman, Senior Independent Non-Executive Director and other Non-Executive Directors receive reports on matters raised at the meetings with shareholders and are offered the opportunity to attend meetings with major shareholders. As a result of these procedures, the Non-Executive Directors believe that they are aware of shareholders' views. In addition, Lord Bilimoria, the Senior Independent Non-Executive Director, is available to meet with major shareholders asked to meet with him during the year.

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

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

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

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

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

Directors' conflicts of interest

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

These procedures, which enable the Directors to impose limits or conditions when giving or reviewing authorisation, ensure that only Directors who have no interest in the matter being considered can authorise conflicts, and require the Board to review the register of Directors' conflicts annually and on an ad hoc basis when necessary. Any potential conflicts of interest in relation to newly appointed Directors are considered by the Board prior to appointment. These procedures have operated effectively throughout the year ended 29 March 2013.

Internal controls and risk management

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

The Group also has in place systems and procedures for exercising control and managing risk in respect of financial reporting and the preparation of consolidated accounts which are monitored by the Audit Committee on the Board's behalf and reviewed annually by the Board. These include:

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

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

CORPORATE GOVERNANCE

continued

Internal controls and risk management continued

The Board formally reviews the operation and effectiveness of the Group's system of internal controls on an annual basis. The latest review covered the financial year to 29 March 2013. No significant failings or weaknesses were identified from this review.

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

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

The more important elements of this framework are as follows:

Management structure

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

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

Corporate accounting and procedures

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

Quality and integrity of personnel

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

Budgetary process

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

Risk management

The Board assesses risk management throughout the Group aided by detailed reviews of internal controls and risk management procedures. The Group's risk register is reviewed by the Board as part of annual strategic planning and budgetary cycles.

Investment appraisal

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

Internal audit

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

Risks and Uncertainties

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

· Economic environment

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

• Competition

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

Regulation

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

· Product quality and safety

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

· Employee engagement and retention

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

· Supplier credit

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

· Financial and treasury

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

Pensions

The Group operates a closed defined benefit scheme, where judgements are required to determine the assumptions for investment returns, future salary and pension increases, member longevity and discount rate. There is a risk of underestimating this liability. This risk is mitigated by agreeing appropriate investment policies with the Trustee and closely monitoring the funding position with the Trustee. Both the Company and the Trustee take advice from independent qualified actuaries.

• Information technology (IT)

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

This report was approved by the Board of Directors on 22 May 2013

Mark Chilton
Company Secretary

AUDIT COMMITTEE REPORT

Chairman's Introduction to the Audit Committee Report

I am pleased to present the Report of the Audit Committee for 2013. This Report provides shareholders with an overview of the activities carried out during the year. The Committee has an annual cycle of work which is described in more detail below together with more significant specific topics which received particular attention from the Committee.

On behalf of the Board

Andrew Cripps Chairman of the Audit Committee

22 May 2013

Role of the Committee

The Committee has defined Terms of Reference, which were reviewed in May 2011 and can be found in the Investor Relations/ Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary. In addition to monitoring the integrity of the financial statements and other announcements of financial results published by the Group, the principal purpose of the Committee is to review the effectiveness of the Group's internal controls and external audit.

Membership

The Committee is chaired by Andrew Cripps and also comprises Lord Bilimoria and Stewart Gilliland all of whom are independent Non-Executive Directors. Andrew Cripps, who is a Chartered Accountant, is considered by the Board to have recent and relevant financial experience, as required by the Code. He has substantial and recent audit committee experience and ensures that the Committee remains abreast of accounting and regulatory developments. Lord Bilimoria is also a Chartered Accountant and Stewart Gilliland has substantial relevant commercial experience. The Committee has access to the Group's finance team, to its internal audit function and to its external auditors and can seek further professional training and advice, at the Group's cost, as appropriate. Details of the skills and experience of the Directors are contained in the Directors' biographies on page 11 and their remuneration is set out in the Remuneration Report.

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

The Company Secretary is Secretary to the Audit Committee.

Meeting Frequency and Main Activities in the Year

The Committee met five times during the year ended 29 March 2013 to:

- review the Preliminary Results Announcement for the period to 30 March 2012, the 2012 Annual Report and Accounts and the Interim Results Announcement for the period to 14 September 2012. Inherent in these reviews was consideration of the accounting principles, policies and procedures adopted in the Group's financial statements, including, where necessary, challenge to the judgements made and the accompanying narrative when appropriate;
- receive reports from the Group Finance Director, the Head of Internal Audit and the external auditor;
- approve the internal and external auditor's work plans for the Group;
- review and monitor the external auditor's independence and objectivity, consider the effectiveness of the audit process, the re-appointment of the external auditor and approve the external auditor's remuneration; and
- approve the appropriateness of the external auditor providing non-audit services and related fees.

Since 29 March 2013, the Audit Committee has met twice to:

- · consider the accounting for the acquisition of Makro;
- review the significant judgement areas affecting the financial statements, including those related to properties, taxation and pension valuation; and
- review the Preliminary Results Announcement for the period to 29 March 2013 and the 2013 Annual Report and Accounts.

Members' attendance record was as follows:

Attendance

Committee member	Number of meetings attended	Percentage attendance
Andrew Cripps (Chairman)	5	100%
Lord Bilimoria	5	100%
Stewart Gilliland	4	80%

Stewart Gilliland was unable to attend a Committee meeting in October 2012 due to a prior personal commitment.

Accounting Policies

The Committee reviewed the suitability of the Group's Accounting Policies and changes to regulatory requirements. There were no changes to accounting standards that are significant to the Group's results for the year. The Committee noted that for the next financial year the Group will adopt revisions to IAS 19, Defined Benefit Plans, which require recognition of a net return on the excess of pension fund liabilities over assets in the Income Statement, with differences going to Other Comprehensive Income, and a consequential reduction in reported earnings per share, which will require restatement of comparative information.

Judgemental Areas

Key risk and judgement areas are reviewed in assessing the external auditor's plan, their areas of audit focus and the internal audit plan. In advance of approval of each set of published financial statements, the Committee considers the key assumptions and judgements made and reviews these with the Group Finance Director. These potential alternative treatments are discussed with the external auditor. The Committee also examines the impact of sensitivities around future cash flows and other risks in considering the appropriateness of the going concern assumption. This year, particular attention was paid to accounting for the acquisition of Makro, property provisions, taxation and the assumptions underpinning the pension valuation.

Internal Controls

The Committee discussed the control environment with the Group Finance Director and received reports from the internal auditors. This included steps taken to ensure the effective implementation of new systems in the growing business in India.

Whistleblowing Programme

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

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

Internal Audit

The Committee approves the appointment of the Head of Internal Audit who has open access to the Chairman of the Committee. The Committee also routinely meet alone with the Head of Internal Audit. During the year the Committee reviewed the focus of the internal audit team, its skills and resources and approved its annual plan. Compliance with the plan and findings from internal audit reports are regularly reviewed. The Committee also sought further controls over timely implementation of recommendations made.

AUDIT COMMITTEE REPORT

continued

Non-audit services

The Committee recognises the potential for any non-audit services to compromise auditor independence and the external auditor is not permitted to conduct any assignment which may affect objectivity or independence. Subject to this, where it is helpful to the Group for KPMG to provide assistance, the Committee monitor the services provided and fees charged.

In view of their knowledge of the Group's ways of working and the importance of efficient integration of the acquired business, KPMG were asked to provide due diligence and reporting accountant services in respect of the acquisition of Makro. It is rare and relatively inefficient for other than the Company's external auditor to perform the role of the reporting accountant. The aggregate fee for this amounted to £645,000.

Other non-audit work comprised small assignments to assist with tax compliance and other matters for aggregate fees of £87,000. The Committee believes that there are sound commercial and practical reasons for this work being conducted by the external auditor and that it is not of a nature which would affect their independence as auditors.

As a result of their role as reporting accountants, the aggregate non-audit fees paid to the external auditor during the year were relatively high at £732,000. Nonetheless the Committee are satisfied that the external auditor's independence was not affected by this work or level of fees.

Appointment and independence of external auditor

At its first meeting after the year end audit, the Committee regularly reviews the quality and efficiency of the previous year-end procedures and audit. This year the Committee have been assisted by a letter from the Audit Quality Review Team of the Financial Reporting Council who review the audits of a sample of major companies as part of their statutory duty. Conclusions of the Committee's review are taken up the following year and enable the Committee to be confident in recommending reappointment of the external auditors. The Committee also reviews the auditor's annual plan, paying particular attention to the proposed areas of audit focus, the continuity and experience of the audit team and their independence.

KPMG has been the Company's external auditor since 2005. To ensure the external auditor's independence is safeguarded, the lead audit partner is changed at least every five years which last occurred in 2010. The Committee reviews the relationship the Company has with KPMG annually and for the year ended 29 March 2013, the Committee was satisfied with the performance, objectivity and independence of KPMG as the external auditor.

The Committee has therefore recommended to the Board and to shareholders that KPMG should be re-appointed as the Company's auditor at the AGM on 10 July 2013 and KPMG has signified its willingness to continue in office.

Committee performance and effectiveness

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

This report was approved by the Board of Directors on 22 May 2013.

Andrew Cripps
Chairman of the Audit Committee

NOMINATION COMMITTEE REPORT

Chairman's Introduction to the Nomination Committee Report

I am pleased to present the Report of the Nomination Committee for 2013. This Report provides shareholders with an overview of the activities carried out during the year. This year the Committee was principally involved in the selection process for a new Non-Executive Director and the subsequent recommendation that Helena Andreas be appointed to the Board. In addition, in my absence, the Committee conducted a review of my performance leading to a recommendation that I be re-appointed for a further three year term.

On behalf of the Board

Richard Rose

Chairman of the Nomination Committee

22 May 2013

Role of the Committee

The Committee has defined Terms of Reference which were reviewed in May 2011 and can be found in the Investor Relations/ Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary. The Committee is responsible for making recommendations to the Board on the appointment of additional Directors and for reviewing the size, structure and composition of the Board and the membership of Board committees to ensure that they have the necessary range of competencies, knowledge and experience required for the direction and oversight of the business.

Membership

The Committee is chaired by Richard Rose, the Chairman, and also comprises Lord Bilimoria and Andrew Cripps, all of whom are independent Non-Executive Directors. Richard Rose does not chair the Committee when it is dealing with his re-appointment or the evaluation of his performance. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 10 and 11. Their remuneration is set out in the Remuneration Report.

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

The Company Secretary is Secretary to the Committee.

Meeting Frequency and Main Activities in the Year

The Nomination Committee met twice during the year ended 29 March 2013 to:

- Recommend to the Board that Helena Andreas be appointed as a Non-Executive Director;
- Review the size, structure and composition of the Board; and
- Recommend to the Board the re-appointment of Richard Rose as Chairman for a further three year term to expire in May 2016.

Following a rigorous review, the Committee concluded that notwithstanding Richard Rose's length of service (6 years as Non-Executive Chairman of the Company, preceded by a period of 9 months as Executive Chairman of Blueheath Holdings plc, the AIM listed company the Company reversed into in June 2007), Richard Rose was still independent in character and judgement.

Members' attendance record was as follows:

Attendance

Committee member	Number of meetings attended	Percentage attendance
Richard Rose (Chairman)	2	100%
Lord Bilimoria	2	100%
Andrew Cripps	2	100%

NOMINATION COMMITTEE REPORT

continued

Board Composition/Succession

The Board plans for its own succession, with the support of the Committee. The Committee remains focused, on behalf of the Board, on Board succession planning for both Executive and Non-Executive Directors. As part of this planning, the Board has made valuable additions in terms of strength, skills and experience of the Board, and has continued its programme to progressively refresh the Board. By way of example, since June 2009, 4 Directors have joined the Board and 2 Directors have left the Board.

The Committee aims to ensure that:

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

Diversity

The Group operates within a traditionally male dominated industry. The current proportion of men to women within the Group (excluding Makro) is 73% men and 27% women. Following the appointment of Helena Andreas, the Board consists of nine men and two women.

The Board does not consider it appropriate to set targets for the number of women on the Board. The search for Board candidates is conducted, and appointments made, on merit and overall suitability for the role against objective criteria with due regard to the benefits of diversity (including skills, experience and gender).

Appointment of Helena Andreas

After considering a number of candidates, and following an interview process led by the Chairman of the Board, Helena Andreas was proposed by the Committee as a prospective candidate to the Board, the Committee having considered that her experience as a cross channel retail general manager with international experience was valuable to the Company. Helena Andreas was invited to meet board members individually prior to her appointment. No external search consultancy was used in her recruitment.

Board Composition

As in previous years, as part of the Company's annual evaluation of Board performance, all Directors were consulted on the composition of the Board, and were of the view that it has sufficient members to contain a balance of skills and experience, but it is not so large as to be unwieldy. The Board contains a balance of executive and non-executive directors such that no individual, or group of individuals can dominate the Board's decision making. No one individual has unfettered powers of decision.

Committee performance and effectiveness

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

This report was approved by the Board of Directors on 22 May 2013.

Richard Rose

Chairman of the Nomination Committee

REMUNERATION REPORT

Chairman's Introduction to the Remuneration Report

I am pleased to present the Report of the Remuneration Committee for 2013, which sets out the remuneration paid to the directors in the financial year ended 29 March 2013 and the policy for the forthcoming year.

In 2012 the Department for Business Innovation and Skills ("BIS") announced a programme of legislative reforms to executive pay. These proposals will change the way that we are required to report to you on directors' remuneration in the future and the Remuneration Committee has agreed to adopt some of the key requirements in advance of the formal regulations coming into force. The Report therefore follows a new structure this year (and includes this summary statement) which the Committee hopes you will find informative.

The work of the Remuneration Committee in 2013 was influenced by the shareholder vote in respect of the Remuneration Report at the 2012 AGM where 76.2% of votes cast were in favour of the resolution to approve the Report. Following the AGM, the Committee sought feedback from the Company's major shareholders. This feedback indicated that the votes against the Report were largely as a result of an objection to the single performance condition required under the Performance Share Plan ("PSP"), which was based on the share price exceeding certain pre-determined targets for at least sixty consecutive days at any time during the three year vesting period. The Committee considered the points raised by shareholders and decided to change the performance conditions for future PSP awards so that they are more similar to those in other FTSE companies' equivalent plans.

The Committee aims to ensure that the remuneration policies of the Company are in line with the BIS proposals, whereby: Directors should not be rewarded for failure and incentives for senior management should be closely linked to performance, thus aligning the interests of executives and shareholders; and Directors' rewards should be correlated with those received by other employees of the business. The Committee believes that the Company's remuneration system conforms with these objectives whilst retaining and attracting individuals capable of promoting the success of the business.

Alignment between the senior management and shareholders is also significantly increased by personal shareholdings. Directors, senior managers and colleagues own in aggregate over 8% of the issued share capital of the Company.

The Committee is of the view that we have a structure of reasonable base pay, bonuses and long term incentives which are aligned to the creation of shareholder value.

The Committee believes that this remuneration system is simple to understand, has a proven track record of encouraging strong performance, does not reward failure and reflects the Company's goal of creating value for shareholders.

Moreover, we believe that the remuneration policy and incentive framework in place is working well to support the Company's strategy, is helping to retain and motivate our management team and is helping to drive strong returns for our shareholders.

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

On behalf of the Board

Karen Jones Chairman of the Remuneration Committee

22 May 2013

REMUNERATION REPORT

continued

The Remuneration Committee

Role of the Committee

The Remuneration Committee has defined Terms of Reference which were reviewed in May 2011 and can be found in the Investor Relations/Legal Documents section of the Group's website. A copy may be obtained from the Company Secretary. The Remuneration Committee advises the Board and makes recommendations to it:

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

Membership

The Remuneration Committee is chaired by Karen Jones and also comprises Lord Bilimoria and Andrew Cripps, all of whom are independent Non-Executive Directors. Details of the skills and experience of the Directors are contained in the Directors' biographies on page 11. Their remuneration is set out later in this Report. The quorum necessary for the transaction of business is two, each of whom must be a Non-Executive Director. Only members of the Committee have the right to attend committee meetings, however, during the year, Richard Rose (Chairman), Charles Wilson (Chief Executive) and the Human Resources director were invited to attend meetings.

The Company Secretary is Secretary to the Remuneration Committee.

Meeting Frequency and Main Activities in the Year

The Remuneration Committee met five times during the year ended 29 March 2013 to:

- Approve the 2012 bonus;
- · Review and approve the Remuneration Report 2012;
- Consider the 2013 Pay Award Strategy;
- Review Executive Directors' and other senior executives' remuneration packages;
- Consider auto-enrolment for employees in the Group's pension scheme;
- Consider, approve and adopt the new performance conditions for 2012/15 and future PSP awards;
- Provide an update upon the Committee Chairman's meetings and conference calls with shareholders;
- Consider the approach to Remuneration Report 2013; and
- Consider the bonus scheme for 2014.

Since 29 March 2013, the Remuneration Committee met twice to:

- Approve the 2013 bonus;
- Review and approve the Remuneration Report for 2013;
- Consider and approve the 2014 Pay Award Strategy;
- Approve the 2014 bonus scheme; and
- Consider and approve the introduction of 'clawback' provisions in relation to bonus and PSP awards made from 2013.

Attendance

Committee member	Number of meetings attended	Percentage attendance
Karen Jones (Chairman)	5	100%
Lord Bilimoria	5	100%
Andrew Cripps	5	100%

Committee interaction with stakeholders

The Committee actively engages with shareholders on remuneration matters. In November 2012, the Chairman of the Committee approached major shareholders outlining potential changes to future PSP performance conditions. Meetings and conference calls were held with many of them, as well as shareholder representative organisations, at which details of the changes were discussed.

Voting in respect of the Remuneration Report at the 2012 AGM was as follows:

	For	Against	Withheld	Total
Approve the Remuneration Report	934,228,466	291,167,313	57,277,131	1,225,395,779

External Advisors

PricewaterhouseCoopers LLP ("PwC") at the request of the Committee provided benchmarking information on executive remuneration and advice in relation to the operation of the Company's PSP. PwC did not provide any other services to the Group during the year.

Policy: Remuneration policy for the 2014 financial year

In this forward-looking section we describe our reward principles along with a description of the elements of the reward package and an indication of the future value of this package for each of the Executive Directors.

Key remuneration principles

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

The Committee's overall policy is to provide competitive and potentially rewarding remuneration packages. The Company wishes to attract, retain and motivate Executive Directors and senior management of the requisite quality. Accordingly, the Committee's policy, in a competitive market, is to design remuneration packages which reward Executive Directors and senior employees fairly for their individual contribution. The Committee will take into account the pay and employment conditions of other Group employees when determining Executive Directors' remuneration, particularly when determining base salary increases.

REMUNERATION REPORT

continued

Remuneration policy summary

The following table shows a summary of the individual elements of remuneration provided to the Executive Directors for 2014:

Reward element	Purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes in year		
Salary (cash)	Recognises the market value of the role and the individual's skill,	Reviewed annually and fixed for 12 months from 1 April.	Determined annually on the factors set out	None.	Directors' salaries increased between 0% and 20% in 2013.		
	performance and experience.	Committee considers: Business and individual performance;	to the left.				
		 Current remuneration against internal and external benchmarks; and 					
		Average salary increases for the wider Company workforce.					
		When external benchmarking is used, the comparator groups are chosen having regard to:					
		 Size – market capitalisation, turnover, profits and the number of employees; 					
		 Diversity and complexity of the business. 					
Bonus (cash)	Drives and rewards annual performance	Reviewed annually with target set in line with prior year performance.	Threshold = 0% of salary.	EBIT growth year on year. Target measured over one year.	The basis of the bonus calculation has changed from an increase in		
	against financial metric.	Payment is determined by the Committee.	Maximum = 100% of salary.		annual EBITDA to EBIT in order that the measure of performance is based on identifiable reported figures that are more commonly used by stakeholders and commentators.		
PSP (shares)	Drives and rewards delivery of sustained	Annual awards over Company shares, which vest after 3 years, subject	Threshold = 0% of salary.	50% subject to an	Multiple single share price targets have been replaced by reference to		
	long term performance on measures that are aligned with the interests	to the achievement of corporate performance targets.	Maximum for 2013/16 PSP	absolute TSR performance target,	cumulative TSR and EPS targets.		
	of shareholders.	Reviewed annually. Vesting is confirmed by the Committee after the end of the vesting period.	cycle = 150% of salary.	with 50% linked to an absolute EPS performance target.			
Pension	Helps recruit and retain.	Group defined contribution scheme.	6.25% employee contribution (of which 1.25% represents salary sacrifice) with 15% Company contribution.	None.	None.		

Fixed and variable pay mix

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

The usual pay mix for Executive Directors is as follows at target and maximum levels:

	Targ	et	Maximum Opportunity		
Executive Director	Fixed Pay (%)	Variable Pay (%)	Fixed Pay (%)	Variable Pay (%)	
Charles Wilson	100	0	100	0	
Jonathan Prentis	48	52	32	68	
Mark Aylwin	48	52	32	68	
Guy Farrant	48	52	32	68	
Bryn Satherley	48	52	32	68	

- Fixed pay comprises base salary and pension contributions (equivalent to 15% of base salary). Benefits are excluded.
- · Variable pay comprises the annual bonus and the long term incentive opportunity delivered via the PSP.
- Target performance assumes Bonus award is at target 50% of salary and PSP award is valued at 75% of salary, measured at the time of grant.
- Maximum performance assumes Bonus award is at maximum 100% of salary and PSP award is valued at 150% of salary, measured at the time of grant.

Salary and benefits

- Base salary is the only element of remuneration which is pensionable.
- In addition to salary, certain usual benefits are provided to Executive Directors.
- All colleagues are eligible for an annual pay award and in the past year the average pay increase for the Group's employees was 2.23% year on year. Due to the enlargement of the Group following the acquisition of Makro, the responsibilities and workload of the Executive Directors increased. To address this the Committee engaged PwC to conduct a benchmarking review of Executive Directors' remuneration and, as a consequence, the base salary of four Executive Directors was increased. Charles Wilson, Chief Executive, did not receive a salary increase. The average pay increase year on year of the Executive Directors was 10.87%, although following these increases all Executive Directors' salaries remain at or below the median benchmark.

With effect from 1 April 2013, subject to the annual pay rise, the Executive Director's annual salary in relation to the Company will be as follows:

Executive Director	2013 (£'000)
Charles Wilson	510
Jonathan Prentis	345
Mark Aylwin	315
Guy Farrant	335
Bryn Satherley	280

Bonus

The bonus scheme covers Executive Directors, senior managers, branch managers and sales teams, comprising approximately 1,200 employees of the Group. The aggregate bonus pool is determined each year by the level of improvement in Group EBIT year on year (previously EBITDA) and no bonus is paid unless there is an improvement. The maximum bonus achievable for an Executive Director is 100% of basic salary. Charles Wilson, Chief Executive, has chosen not to participate in this bonus scheme. The Committee views this as appropriate given the alignment with shareholder interests which arises from his significant shareholding in the Company. Payments to Executive Directors are based upon a percentage of basic salary and do not form part of pensionable earnings. The proportion of the bonus pool accruing to Executive Directors is less than 15%.

Of the Group's average 9,658 employees (excluding Makro), over 6,000 employees are eligible for a bonus payment based on "customer satisfaction". Customer satisfaction is measured independently by calling 10,000 customers selected at random covering retailers, caterers, delivered and collect across our 172 branches each quarter to ask them to rate key areas of service.

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

From 2014 the Group's bonus schemes will be extended to cover Makro's employees.

REMUNERATION REPORT

continued

PSP

The PSP allows Executive Directors and approximately 900 employees to receive share awards, subject to the achievement of performance targets set by the Committee, measured over a three year period. Awards are made annually and, other than in exceptional circumstances, will not be more than 150% of annual salary for Executive Directors.

For the 2010/13 and 2011/14 PSP cycle, the performance measures were share price based. Details of structure and outcome are set out on page 36.

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

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

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

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

The performance measures for the 2013/16 cycle for the Executive Directors (excluding Charles Wilson) are expected to be similar to the 2012/15 PSP cycle.

From 2014 the Group's PSP schemes will be extended to cover Makro's employees.

Pensions

The Company operates and has open to all permanent employees the Group defined contribution personal pension plan.

As an alternative to the pension arrangement, pensionable pay may be paid into the Executive Directors own personal pension arrangement.

The normal retirement age for Executive Directors is 65.

All Executive Directors are entitled to a pension contribution at the rate of 15% of pensionable pay. Pensionable pay is set at the prior year's basic salary. A salary sacrifice arrangement was introduced for the Group Personal Pension Scheme in order to maximise benefits available to the Scheme's members.

Other benefits

Benefits for Executive Directors comprise car (or car allowance), life cover of four times basic salary, private medical insurance and permanent health insurance for themselves and their families.

Clawback in incentive plans

For awards made from 2013, the Bonus schemes and PSP allow the Committee discretion to claw back bonus and unvested share awards in the following circumstances:

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

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

Sums paid to third parties

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

Implementation: Outcomes for 2013 financial year

Single figure remuneration in 2013 - actual and maximum

The table below shows all remuneration that was received by individual Directors during the year ending 29 March 2013.

Total Remuneration for 2013 Financial Year*

Director	Salary Received £'000	Taxable Benefits £'000	Pension Contributions £'000	Bonus £'000	Shares Vested £'000	Total £'000
Charles Wilson	510	1	77	0	0	588
Jonathan Prentis	317	26	45	191	0	579
Mark Aylwin	284	21	39	174	0	518
Guy Farrant	306	22	43	185	0	556
Bryn Satherley	277	30	41	155	0	503

Details of elements shown:

- Salary salary for the year.
- Taxable benefits all taxable benefits in kind arising from the individual's employment in 2013.
- Pension Contributions the value of Company contributions to pension plans or any cash allowances paid in lieu of pension contributions.
- Bonus the bonus relating to the Company's performance in 2013, paid in 2014.
- Shares Vested the value of PSPs at the date of vesting. No value is attributed to PSP awards in 2013 as no shares were awarded in 2010, which would have vested during the year had any such PSPs been granted then.

*All figures are calculated in accordance with our understanding of the requirements of the current draft BIS regulations on disclosure of executive pay.

Executive shareholding requirement

Alignment to shareholder interests is a key element of the Group's remuneration policy which maintains commitment over the long term and ensures that the interests of the Executive Directors are aligned with those of shareholders. The Committee sets shareholding guidelines for Executive Directors. The current guideline is to build and maintain, over time, a personal (and/or spousal) holding of shares in the Company equivalent in value to at least the Director's annual base salary. The Executive Directors currently meet these guidelines. Details of the share interests of all Directors are shown below. Shares held outright by each Executive Director at 29 March 2013 with no restrictions:

Director	Ordinary Shares
Charles Wilson	108,241,986
Jonathan Prentis	10,413,807
Mark Aylwin	1,100,000
Guy Farrant	668,547
Bryn Satherley	8,363,486

REMUNERATION REPORT

continued

Bonus

In 2013 the bonus scheme covered Executive Directors, senior managers, branch managers and sales teams, comprising approximately 1,200 employees of the Group. The aggregate bonus pool was determined by the level of improvement in Group EBITDA year on year and no bonus would have been paid if there were no improvement. The maximum bonus achievable for an Executive Director was 100% of basic salary. Charles Wilson, Chief Executive, has chosen not to participate in this bonus scheme, and the Committee views this as appropriate given the alignment with shareholder interests which arises from his significant shareholding in the Company. Payments to Executive Directors are based upon a percentage of basic salary and do not form part of pensionable earnings.

The level of pre-bonus EBITDA achieved in 2013 gave rise to the following awards to the Executive Directors:

Director	EBITDA award as % of salary
Jonathan Prentis	55.26
Mark Aylwin	55.26
Guy Farrant	55.26
Bryn Satherley	55.26

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

Financial Year	Bonus Payment
2012	58.16%
2011	46.69%
2010	55.62%

Share Incentives

Structure and outcome for 2013:

• No awards were made in 2010 for vesting in 2013

Current position on outstanding awards:

 Details of the performance measures and potential vesting outcomes for outstanding awards as at 29 March 2013 are as follows:

Performance Measure	Threshold performance	Additional performance	Maximum performance	Value of PSPs awards – % of salary	PSPs vested at 2013	Exercisable from
2010/13 cycle						
Share Price	60.0p	62.5p/70.0p	90.0p	150%	All targets met	October 2013
2011/14 cycle						
Share Price	85.8p	89.4p/100.1p/128.7p	153.0p	150%	3 of 5 targets met	November 2014

From 2012, the performance measures for the PSP were changed:

Performance Measure	Threshold performance	Maximum performance	Threshold/ Maximum vesting	Weighting	Maximum award – % of salary	Potential vesting outcomes
2012/15 cycle						
TSR	Growth by 8% per year or more	Growth by 15 % per year or more	25%/100%	50%	75%	Between Threshold and Maximum vesting if current performance maintained
EPS	Growth by 6% per year or more	Growth by 12 % per year or more	25%/100%	50%	75%	Between Threshold and Maximum vesting if current performance maintained

Participation

As well as the Executive Directors, approximately 900 employees have received PSP options. In addition 1,951 employees participate in the 2012 and 1,821 are in the 2011 SAYE scheme (in which the Executive Directors have chosen not to participate).

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

Since 2007, when the reverse takeover of Blueheath was completed and the Company became admitted to trading on AIM, the equity value of the Company has increased from approximately £300m to over £2,100m. The value of the PSP options awarded has been equivalent to 2% of the value generated.

Chief Executive

The total remuneration for Charles Wilson, Chief Executive during the period under review from 31 March 2012 is as follows:

	Total Remuneration	Variable Element (%)	Percentage increase from FY12 to FY13 – Chief Executive (%)	•
2012	588	0	0	2.94
2013	588	0	0	2.23

Spend on Pay

The percentage spend on and total amounts paid on executive and overall pay in relation to the profit and dividend for FY13 is set out in the table below, together with tax paid.



Tax charged in 2013

In the year ended 29 March 2013, the Group charged taxes payable to the UK Government of $\pounds 50.3$ m being $\pounds 18.3$ m of corporation tax, $\pounds 14.8$ m employer's National Insurance Contributions and $\pounds 17.2$ m of building rates. In addition, the Group collected tax on behalf of the UK Government of $\pounds 267.2$ m, being $\pounds 79.6$ m net VAT payments, $\pounds 35.6$ m of employee taxes, and $\pounds 152.0$ m of customs and excise duty.

REMUNERATION REPORT

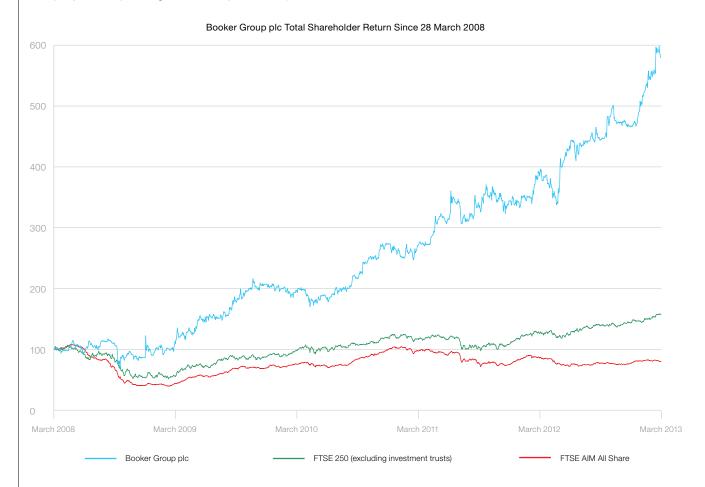
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Other matters

Performance Graph

The Company's performance from 28 March 2008 to 29 March 2013 measured by Total Shareholder Return ('TSR'), is compared in the chart below with the performance of the FTSE 250 Index (excluding investment trusts) and FTSE AIM All Share Index. These are considered the most appropriate indices against which to measure performance following the reverse acquisition of Blueheath in June 2007, which was at that time listed on AIM, the Company's admission to listing on the Official List and to trading on the London Stock Exchange plc's main market for listed securities in July 2009 and its inclusion in the FTSE 250 Index in December 2009.

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



Non-Executive Directors' pay policy and structure

Determination of fee levels

The Non-Executive Directors are paid a fixed fee. The Board has determined that the time commitment of Non-Executive Directors should be 12 days per annum, other than the Chairman whose time commitment should be 24 days per annum. The time commitment for Non-Executive Directors is set out in the relevant Non-Executive Director's letter of appointment.

The Non-Executive Directors do not receive bonuses or pension contributions and are not entitled to participate in any of the Company's share schemes. They are entitled to be reimbursed for reasonable expenses incurred by them in carrying out their duties as Directors of the Company. Fees for the Non-Executive Directors (other than the Chairman) are determined by the Chairman and the Executive Directors, having regard to fees paid to Non-Executive Directors in other comparable UK quoted companies, the time commitment and responsibilities of the role.

With effect from 1 April 2013, the Non-Executive Directors' fees in relation to the Company will be as follows:

Non-Executive	Basic Fee £'000	Additional Fee As Chairman of Committee £'000	Additional Fee For representation on Committee £'000	Total £'000
Richard Rose	131	4	_	135
Helena Andreas	38	_	_	38
Lord Bilimoria	39	_	5	44
Andrew Cripps	39	6	5	50
Stewart Gilliland	39	_	3	42
Karen Jones	39	6	-	45

Service Contracts

Notice periods

The Board's policy is that service contracts of Executive Directors should provide for termination by the Company on not more than twelve months' notice.

The service contracts of each of the current Executive Directors provide for such a period of notice.

Termination

None of the contracts (except for Charles Wilson's contract) provides for specific contractual termination payments other than payment in lieu of notice. Under Charles Wilson's contract, in the event of a change of control of the Company, Charles Wilson has the right to terminate his employment on 30 days' notice and to receive a payment equal to his gross salary for his contractual notice period.

It is the Committee's policy to ensure that a Director's duty to mitigate his loss is taken into account in the calculation of any termination payments.

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

External appointments

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

Non-Executive Directors' letters of appointment

Non-Executive Directors have letters of appointment for an initial period of 3 years subject to termination on one month's notice. In addition, the Code requires that all Non-Executive Directors stand for re-election annually. Non-Executive Director appointments are also subject to the Articles of Association of the Company.

The table below summarises the dates of appointment and most recent re-election dates for the Chairman and each of the Non-Executive Directors serving as at 29 March 2013.

	Date of appointment as a Non-Executive Director	Most recent date of re-election at AGM
Richard Rose ^a	9 May 2007	18 July 2012
Helena Andreas	14 November 2012	N/A
Lord Bilimoria	22 November 2007	18 July 2012
Andrew Cripps	22 November 2007	18 July 2012
Stewart Gilliland	8 December 2010	18 July 2012
Karen Jones	19 February 2009	18 July 2012

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

Copies of the letters of appointment will be available for inspection at the Company's registered office during business hours and at the 2013 Annual General Meeting.

REMUNERATION REPORT

continued

Executive Directors

The table below summarises the service contracts of the Executive Directors.

Copies of the service contracts will be available for inspection at the Company's registered office during business hours and at the 2013 Annual General Meeting.

	Date of appointment	Date of re-election	Notice period (months) by the Company	Notice period (months) by the Director	Unexpired term of contract
Charles Wilson	4 June 2007	18 July 2012	12	9*	Rolling Contract
Jonathan Prentis	4 June 2007	18 July 2012	12	6	Rolling Contract
Mark Aylwin	9 November 2007	18 July 2012	12	12	Rolling Contract
Guy Farrant	14 October 2010	18 July 2012	12	12	Rolling Contract
Bryn Satherley	12 November 2008	18 July 2012	12	6	Rolling Contract

^{*} In the event of a change of control, Charles Wilson can terminate on 30 days' notice. Further details are set out on page 33.

All Executive Directors will stand for re-election at the 2013 Annual General Meeting.

Audited information on Directors' emoluments

Audited Information

The following information has been audited by the Company's auditor, KPMG Audit Plc.

Directors' remuneration

The figures below represent the Directors' remuneration earned during the period under review as Directors of the Company from 31 March 2012 or from date of appointment.

	Basic		Annual Bonus		Benefits in Kind		Total before Pension Contributions		Pension Contributions	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Executive										
Charles Wilson	510	510	_	_	1	1	511	511	77ª	77ª
Jonathan Prentis	317	298	191	173	26	26	534	497	45	38
Mark Aylwin	284	262	174	153	21	20	479	435	39	35
Guy Farrant	306	287	185	167	22	12	513	466	43	42
Bryn Satherley	277	275	155	160	30	31	462	466	41	36
Non-Executive										
Richard Rose ^b	135	132	-	_	_	_	135	132	_	_
Helena Andreas	14	_	_	_	_	_	14	_	_	_
Lord Bilimoria ^b	44	43	_	_	_	_	44	43	_	_
Andrew Cripps ^b	50	49	_	_	_	_	50	49	_	_
Richard Farr bc	_	6	-	_	_	_	_	6	_	_
Stewart Gilliland ^b	42	41	_	_	_	_	42	41	_	_
Karen Jones ^b	45	44	_	_	_	-	45	44	_	_
Total	2,024	1,947	705	653	100	90	2,829	2,690	245	228

a $\,$ The balance in excess of the annual £50,000 pensions funding limit is paid as a taxable salary supplement

b Fees include amounts paid for representation on various committees
 c Resigned from the Board on 18 May 2011

Directors' options

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

Name	Date of Grant	Shares under option 30 March 2012	Options granted during year	Options lapsed during year	Options exercised during year ^a	Shares under option 29 March 2013	Exercise price (pence)	Exercisable from ^b	Exercisable to ^b
Charles Wilson	3 July 2008	1,400,000	-	_	-	1,400,000	Nil	3 July 2010/11	3 July 2018
Jonathan Prentis	3 July 2008	1,400,000	-	-	-	1,400,000	Nil	3 July 2010/11	3 July 2018
	19 October 2010	1,432,560 55,813 (CSOP)*	_	_	_	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
	9 November 2011	585,010	-	-	-	585,010	Nil	9 November 2014	9 November 2021
	22 November 2012	-	522,622	-	-	522,622	Nil	22 November 2015	22 November 2022
Mark Aylwin	3 July 2008	1,000,000	-	-	-	1,000,000	Nil	3 July 2010/11	3 July 2018
	19 October 2010	1,432,560 55,813 (CSOP)*	-	-	_	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
	9 November 2011	514,645	-	_	-	514,645	Nil	9 November 2014	9 November 2021
	22 November 2012	-	477,176	_	-	477,176	Nil	22 November 2015	22 November 2022
Guy Farrant	14 October 2010	3,900,000	_	_	-	3,900,000	Nil	14 October 2011/12/13	14 October 2020
	9 November 2011	562,895	-	-	-	562,895	Nil	9 November 2014	9 November 2021
	22 November 2012	-	507,473 30,296 (CSOP)*	_	_	507,473 30,296 (CSOP)*	Nil	22 November 2015	22 November 2022
Bryn Satherley	19 October 2010	1,432,560 55,813 (CSOP)*	-	_	_	1,432,560 55,813 (CSOP)*	Nil	19 October 2013	19 October 2020
	9 November 2011	538,770	_	_	_	538,770	Nil	9 November 2014	9 November 2021
	22 November 2012	-	424,157	_	-	424,157	Nil	22 November 2015	22 November 2022

a The aggregate gains made by Directors on the exercise of options was $\mathfrak L$ nil (2012: $\mathfrak L$ 1,029,000).

The maximum award permitted under the PSP is 400% of base salary. Since 2011, annual awards have been made at up to 150% of base salary.

The closing mid market price of an Ordinary Share on 29 March 2013 was 121.5p and the price range during the year was 72.60p to 125.30p.

PSP options

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

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

^{*} At the time of exercise, to the extent that there is a gain on the Company Share Option Plan ('CSOP') option (which is a tax-approved option granted under the PSP with an exercise price equal to the market value of the shares at the time of grant), PSP options will be forfeited to the same value.

REMUNERATION REPORT

continued

PSP options granted in 2010

In October 2010, the Company made awards under the PSP in relation to a total of 11.3m new Ordinary Shares.

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

A quarter of each option will vest on reaching each of the share prices of 60p, 62.5p, 70p and 90p, in each case sustained over a consecutive 60-day period. As at 29 March 2013, all of the four share price targets had been met.

In October 2010, Guy Farrant was granted a special performance share award (in the form of a nil-cost option) over 3.9 million Ordinary Shares in the Company ('the Option'). The Option was granted specifically in connection with Guy's appointment as a Director. Additional information about the Option can be found in the Company's 2011 Annual Report and Accounts which was approved by shareholders at the Company's Annual General Meeting in 2011.

The Option is in two parts: one part relates to 2.1 million Ordinary Shares in the Company and the other part relates to 1.8 million Ordinary Shares in the Company. A third of the 2.1 million shares will vest on reaching each of the share prices of 52p, 56p and 58p. This part of the Option can be exercised in three annual instalments, assuming that the relevant share price target has been reached by the end of each year (otherwise, the Option can be exercised after three years to the extent that the targets have subsequently been reached by that time). As at 29 March 2013, all three of the share price targets had been met.

A quarter of the 1.8 million shares will vest on reaching each of the share prices of 60p, 62.5p, 70p and 90p. To the extent that these share price targets are met, this part of the Option can be exercised after three years. For each part of the Option, each share price target has to be sustained over a consecutive 60 day period in order for the relevant part of the Option to vest. Other than as set out above, the vesting and exercise terms applying to the Option are the same as if it had been granted under the PSP. As at 29 March 2013, all four of the share price targets had been met.

PSP options granted in 2011

In November 2011, the Company made awards under the PSP in relation to a total of 7.0m new Ordinary Shares.

The options granted will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award. A fifth of each option will vest on reaching each of the share prices of 85.8p, 89.4p, 100.1p. 128.7p and 153.0p, in each case sustained over a consecutive 60-day period.

As at 29 March 2013, three of the five share price targets had been met.

PSP options granted in 2012

In November 2012, the Company made awards under the PSP in relation to a total of 6.3m new Ordinary Shares.

As a result of concerns expressed by shareholders during 2012, the Committee decided to review the structure of the PSP performance conditions so that they were more in line with equivalent plans used by other FTSE companies.

As a result new performance conditions relating to the 2012 PSP awards were adopted and will apply as follows:

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

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

This report was approved by the Board of Directors on 22 May 2013.

Karen Jones CBE Chairman of the Remuneration Committee

DIRECTORS' REPORT

The Directors present their report and audited accounts for the 52 week period ended 29 March 2013.

Business review

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

Financial risk management

Policies on financial risk management are set out in note 18 to the Financial Statements.

Key performance indicators (KPIs)

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

Results and dividends

The Group recorded a profit for the period of £83.1m (2012: £74.9m) as shown in the Consolidated Income Statement for the period ended 29 March 2013 which is set out on page 42.

The Directors have recommended a final dividend of 2.25 pence per Ordinary Share. If approved by shareholders at the Annual General Meeting on 10 July 2013, this final dividend will be payable on 12 July 2013 to shareholders on the register of members at the close of business on 14 June 2013. An interim dividend of 0.38 pence per share was paid on 30 November 2012.

If the final dividend is approved by shareholders, dividends for the year will total 2.63 pence per Ordinary Share (2012: 2.28 pence).

Interests of Directors in contracts

During the period no Director had any material interest in any significant contract to which the Company or any subsidiary was a party.

Changes of control

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

Directors

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

Charles Wilson

Jonathan Prentis

Mark Aylwin

Guy Farrant

Bryn Satherley

Richard Rose

Lord Bilimoria

Andrew Cripps

Karen Jones

Stewart Gilliland

Helena Andreas (appointed 14 November 2012)

Biographical details of the Directors are set out in the section headed Directors and Officers on pages 10 and 11.

In accordance with the Company's Articles of Association Helena Andreas will be standing for election at the 2013 Annual General Meeting and, in accordance with the Code, each of the other Directors has resolved to stand for re-election annually and will be standing for re-election at the 2013 Annual General Meeting.

DIRECTORS' REPORT

continued

Conflicts of Interest

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

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

Directors' and Officers' Liability Insurance

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

Corporate Governance

The Company prepares a separate Corporate Governance Report, Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report.

Substantial interests

The Company has been notified under the Disclosure and Transparency Rules of the following interests in the voting rights attaching to the Company's issued share capital as at 22 May 2013.

Metro Cash & Carry International Holding BV	9.07%
Prudential Plc	6.32%
Charles Wilson	6.27%
Ameriprise Financial Inc	4.78%
Artemis Investment Management	4.43%
Blackrock Inc	4.33%
Schroder Investment Management	4.29%
Cazenove Capital Management	4.01%
Aviva Plc	3.89%
Legal & General Group Plc	3.17%

Directors' share interests

Details of the share interests of all Directors, and their connected persons, as at 29 March 2013 are shown below. There have been no changes in the interests between 29 March 2013 and 22 May 2013.

	Ordinary Shares in Booker Group plc 29 March 2013	Ordinary Shares in Booker Group plc 30 March 2012
Charles Wilson	108,241,986	108,241,986
Jonathan Prentis	10,413,807	10,413,807
Mark Aylwin	1,100,000	1,100,000
Guy Farrant	668,547	668,547
Bryn Satherley	8,363,486	8,363,486
Richard Rose	910,282	910,282
Lord Bilimoria	50,000	50,000
Andrew Cripps	200,000	200,000
Karen Jones	145,000	145,000
Stewart Gilliland	50,000	50,000
Helena Andreas	-	n/a

Employees

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

The Directors encourage employees to become shareholders to promote active participation in and commitment to the Group's success. This policy has been pursued for all employees through the SAYE scheme. As at the year end 1,951 employees were contributing monthly to the 2012 SAYE scheme and 1,821 employees were contributing monthly to the 2011 SAYE scheme.

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

In the year the average number of persons employed by the Group (excluding Makro employees but including Directors) increased from 9,375 to 9,658.

Suppliers

The Group works closely with its suppliers to ensure the delivery of its policies on product quality and integrity, health and safety, and the environment. Payments to suppliers are made in accordance with terms and practices agreed with individual suppliers. Trade creditors for the Group at the financial year end represented 41 days of purchases (2012: 41 days).

DIRECTORS' REPORT

continued

Share capital

As at 29 March 2013, the Company's share capital consisted of 1,727,090,560 issued and fully paid Ordinary Shares with a nominal value of 1 pence per share, listed on the London Stock Exchange. A total of 156,621,525 Ordinary Shares were issued to Metro Cash & Carry International Holdings BV on 4 July 2012 which, as at that date, represented 9.99% of the Company's issued share capital. A total of 3,079,233 Ordinary Shares were issued during the year in connection with the exercise of options under the Company's share option schemes. Ordinary Shares may be held in certificated or uncertificated form.

At the Annual General Meeting held in 2012, the Company was granted authority by shareholders to purchase up to 156.7 million Ordinary Shares, representing less than 10% of the Company's ordinary share capital as at 29 May 2012. No Ordinary Shares were purchased pursuant to this authority during the year. In accordance with current best practice, the Company will seek to renew this authority at the forthcoming Annual General Meeting.

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

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

Ordinary Shares acquired through the Company's share option schemes rank equally with all other Ordinary Shares in issue and have no special rights. Details of share options granted but not exercised or lapsed as at 29 March 2013 are set out in note 25 to the Financial Statements.

Provisions dealing with the appointment and replacement of Directors are contained in the Articles of Association, which provide that a Director may be appointed by ordinary resolution of shareholders or by the existing Directors, either to fill a vacancy or as an additional Director.

The Directors may exercise all the powers of the Company subject to the provisions of the applicable legislation, the Articles of Association and any directions given by the Company in general meeting. The powers of the Directors include those in relation the issue and buy-back of shares.

There are no known arrangements under which financial rights are held by persons other than holders of the shares, nor any known arrangements on restrictions on share transfers or voting rights.

Annual General Meeting

The Annual General Meeting of the Company will be held at 11:00am on Wednesday 10 July 2013 at Booker Branch Wimbledon, Endeavour Way, Durnsley Road, London SW19 8PLG.

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

It is the intention that the entire Board will stand for election or re-election, as applicable, at the forthcoming Annual General Meeting.

Electronic Communications

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

Booker Group plc ANNUAL REPORT & ACCOUNTS 2013

Ethical Code

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

Going concerr

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group and Company financial statements. Further information in relation to the Directors' assessment of going concern is contained in note 1 to the financial statements.

Political and charitable contributions

The Group made no political contributions or donations during the period, nor did it incur any other political expenditure, either in the UK or overseas. During the year to 29 March 2013, employees and Directors raised $\mathfrak{L}47,043$ for local charities across the country and the Group donated $\mathfrak{L}4,436$ to Grocery Aid, formerly Caravan and Sweet Charity. In addition donations totalling $\mathfrak{L}59,188$ were made to charities by employees through the 'Give as you Earn' scheme.

Disclosure of information to auditor

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

Auditor

The Committee has recommended to the Board and to shareholders that KPMG should be re-appointed as the Company's auditor at the AGM on 10 July 2013 and KPMG has signified its willingness to continue in office.

This report was approved by the Board of Directors on 22 May 2013

Mark Chilton
Company Secretary

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 29 March 2013

		52 weeks ended 29 March 2013			53 weeks ended 30 March 2012
	Note	Before exceptional items £m	Exceptional items (Note 4) £m	Total £m	Total £m
Revenue	3	3,992.2	_	3,992.2	3,932.8
Cost of sales		(3,832.8)	-	(3,832.8)	(3,784.1)
Gross profit		159.4	-	159.4	148.7
Administrative expenses		(60.3)	(3.0)	(63.3)	(59.1)
Operating profit		99.1	(3.0)	96.1	89.6
Finance income	6	7.5	-	7.5	6.3
Finance expenses	6	(2.2)	-	(2.2)	(5.1)
Net financing income	6	5.3	-	5.3	1.2
Profit before tax	4	104.4	(3.0)	101.4	90.8
Tax	7	(18.3)	-	(18.3)	(15.9)
Profit for the period attributable to the owners of t	he Group	86.1	(3.0)	83.1	74.9
Earnings per share (Pence)					
Basic	8			4.93p	4.83p
Diluted	8			4.84p	4.74p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 29 March 2013

	Note	52 weeks ended 29 March 2013 £m	53 weeks ended 30 March 2012 £m
Profit for the period		83.1	74.9
Actuarial loss arising in the pension scheme	20	(6.1)	(25.7)
Tax relating to actuarial losses	7,13	1.4	6.2
Other comprehensive expense		(4.7)	(19.5)
Total comprehensive income for the period attributable to the	78.4	55.4	

CONSOLIDATED BALANCE SHEET

As at 29 March 2013

	Note	29 March 2013 £m	30 March 2012 £m
ASSETS	Note	2111	2.111
Non-current assets			
Property, plant and equipment	9	71.9	71.9
Intangible assets	10	436.9	437.1
Investment in joint venture	11	0.6	0.5
Other investments	12	144.9	-
Deferred tax asset	13	13.5	13.3
		667.8	522.8
Current assets			
Inventories	14	267.1	268.5
Trade and other receivables	15	96.6	81.7
Cash and cash equivalents	10	77.2	63.5
and day, equivalente		440.9	413.7
Total assets		1,108.7	936.5
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	17	_	(0.1
Trade and other payables	16	(486.5)	(471.8
Current tax		(21.2)	(15.2
		(507.7)	(487.1
Non-current liabilities			
Other payables	16	(28.0)	(28.2
Retirement benefit liabilities	20	(6.8)	(19.0
Provisions	21	(28.1)	(32.8
		(62.9)	(80.0)
Total liabilities		(570.6)	(567.1)
Net assets		538.1	369.4
EQUITY			
Share capital	22	17.3	15.7
Share premium		34.9	49.1
Merger reserve		260.8	260.8
Other reserve		136.8	_
Share option reserve		6.6	3.8
Retained earnings		81.7	40.0
Total equity attributable to equity holders		538.1	369.4

These financial statements were approved by the Board of Directors on 22 May 2013 and were signed on its behalf by:

Charles Wilson Jonathan Prentis

Director Director

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 29 March 2013

	Note	52 weeks ended 29 March 2013 £m	53 weeks ended 30 March 2012 £m
Cash flows from operating activities			
Profit before tax		101.4	90.8
Depreciation	9	14.1	12.6
Amortisation	10	0.2	0.2
Net finance income		(5.3)	(1.2)
Equity settled share based payments		3.1	2.4
Decrease/(increase) in inventories		1.4	(48.1)
(Increase)/decrease in debtors		(14.9)	5.4
Increase in creditors		8.9	47.8
Increase in amount due to investment		5.6	-
Contributions to pension scheme	20	(10.8)	(8.4)
Decrease in provisions	21	(6.4)	(3.7)
Net cash flow from operating activities		97.3	97.8
Interest paid		(0.5)	(2.2)
Tax paid		(11.1)	(11.2)
Cash generated from operating activities		85.7	84.4
Cash flows from investing activities			
Acquisition of property, plant and equipment		(14.1)	(24.1)
Acquisition of investment	12	(20.7)	-
Investment in joint venture		(0.1)	(0.5)
Sale of property, plant and equipment		-	0.1
Net cash outflow from investing activities		(34.9)	(24.5)
Cash flows from financing activities			
Payment of finance lease liabilities		(0.1)	(0.3)
Repayment of borrowings		-	(20.0)
Proceeds from issue of ordinary shares		-	4.2
Dividends	24	(37.0)	(26.5)
Net cash outflow from financing activities		(37.1)	(42.6)
Net increase in cash and cash equivalents		13.7	17.3
Cash and cash equivalents at the start of the period		63.5	46.2
Cash and cash equivalents at the end of the period		77.2	63.5

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

		£m	£m
Net increase in cash and cash equivalents		13.7	17.3
Cash outflow from decrease in debt and lease financing		0.1	20.3
Other non-cash items		_	(1.3)
Opening net cash		63.4	27.1
Net cash at the end of the period	19	77.2	63.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

52 weeks ended 29 March 2013

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At 30 March 2012		15.7	49.1	260.8	_	3.8	40.0	369.4
Profit for the period		-	-	-	-	-	83.1	83.1
Defined benefit plan actuarial losses	20	_	-	_	-	-	(6.1)	(6.1)
Tax relating to components of other comprehensive income	7,13	_	_	_	_	_	1.4	1.4
Total comprehensive income for the period	od	-	_	-	_	-	78.4	78.4
Share options exercised		-	-	-	-	(0.3)	0.3	_
Shares issued for acquisition		1.6	-	-	122.6	-	-	124.2
Reclassification between reserves		_	(14.2)	_	14.2	-	-	_
Dividends to shareholders	24	-	-	-	-	-	(37.0)	(37.0)
Share based payments	25	_	_	-	_	3.1	-	3.1
At 29 March 2013		17.3	34.9	260.8	136.8	6.6	81.7	538.1

53 weeks ended 30 March 2012

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At 25 March 2011		15.3	45.3	260.8	_	4.1	8.4	333.9
Profit for the period		_	_	_	-	-	74.9	74.9
Defined benefit plan actuarial losses	20	-	-	-	-	-	(25.7)	(25.7)
Tax relating to components of other comprehensive income	7,13	_	_	_	_	_	6.2	6.2
Total comprehensive income for the period		-	-	_	-	-	55.4	55.4
Share options exercised		0.4	3.8	-	-	(2.7)	2.7	4.2
Dividends to shareholders	24	_	-	-	-	_	(26.5)	(26.5)
Share based payments	25	_	_	_	-	2.4	_	2.4
At 30 March 2012		15.7	49.1	260.8	-	3.8	40.0	369.4

1. General information

Overview

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

Basis of accounting

In accordance with EU law (IAS Regulation EC 1606/2002), the group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the EU as at 29 March 2013 ('adopted IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The company has elected to prepare its parent company accounts in accordance with UK Generally Accepted Accounting Principles ('UK GAAP'); these are presented on pages 71 to 74.

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

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

The financial statements for the current period have been prepared for a 52 week period (prior period is for a 53 week period) to reflect internal management reporting.

Accounting standards adopted in the period

The Group has adopted the following amendents and interpretations which do not have a material effect on the financial statements:

- Amendments to IFRS 7 'Financial instruments: Disclosures'
- Amendments to IAS 12 'Deferred Tax: Recoverability of Underlying Assets'

New IFRS and amendments to IAS and interpretations

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

	Effective for accounting periods starting on or after
Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income (2010)'	1 July 2012
Amendments to IAS 19 'Defined Benefit Plans (2011)'	1 January 2013
Amendments to IAS 27 'Consolidated and Separate Financial Statements (2011)'	1 January 2014
Amendments to IAS 28 'Investments in Associates and Joint Ventures (2011)'	1 January 2014
Amendments to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities'	1 January 2014
IFRS 10 'Consolidated Financial Statements'	1 January 2014
IFRS 11 'Joint Arrangements'	1 January 2014
IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2014
IFRS 13 'Fair Value Measurement'	1 January 2013
Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'	1 January 2014

The application of these standards and interpretations is not anticipated to have a material effect on the Group's financial statements apart from Amendments to IAS 19 'Defined Benefit Plans'. A key amendment relates to the calculation of the finance charge. The revision eliminates the 'expected return on assets' from the measurement of a pension's expense and directs entities to instead charge a cost of finance against its net unfunded liability or surplus position. This is performed by determining a discount rate by reference to market yields from high quality corporate bonds. For the current year, there is a net pension finance credit of Σ 7.5m and under the revised standard this would have been an interest charge of Σ 0.6m and an administrative expense of Σ 1.2m.

Basis of consolidation

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

During the period, the Group acquired the entire share capital of Makro Holding Limited ('Makro') which has two subsidiaries: Makro Properties Limited and Makro Self Service Wholesalers Limited. The transaction was subject to Competition Commission approval and, whilst this process was in progress, the Group was required to hold Makro separate from the rest of Booker in accordance with undertakings given to the competition authorities in the normal way. As a result, the Group had neither control nor significant influence over Makro at the balance sheet date, and therefore it has not met the requirements for consolidation as set out in IFRS3 (revised) 'Business Combinations' and IAS27 'Consolidated and Separate Financial Statements'. See note 12 for more details.

Going concern

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

In July 2011, the Group negotiated a new unsecured bank facility of £120m for a period of 5 years. The Group's forecasts and projections, taking account of possible changes in trading performance and considering the risks identified, show that the Group should be able to operate within the level of its bank facility.

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

Use of assumptions and estimates

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

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

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

- IAS19 'Employee benefits'. Defined benefit schemes are accounted for in accordance with the advice of an independent qualified actuary but significant judgements are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations.
- IAS37 'Provisions, contingent liabilities and contingent assets'. The Group is party to a number of leases on properties that are no longer required for trading. Whilst every effort is made to profitably sub-let these properties, it is not always possible to do so. Where a lease is onerous to the Group, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any) for the period up until the point it is judged that the lease will no longer be onerous. In addition, provisions exist for the expected future dilapidation cost on leasehold properties and the expected future costs of removing asbestos from leasehold properties. The Directors believe that their estimates, which are based upon the advice of an in-house property department who monitor the UK property market, are appropriate.
- IAS36 'Impairment of assets'. In testing for impairment of goodwill, the Directors have made certain assumptions concerning
 the future development of the business that are consistent with its annual budget and forecast into perpetuity. Should these
 assumptions regarding the discount rate or growth in the profitability be unfounded then it is possible that goodwill included
 in the balance sheet could be impaired. At 29 March 2013, the Directors do not consider that any reasonably likely changes in
 key assumptions would cause the carrying value of the goodwill to become impaired.
- IAS12 'Income Taxes'. In applying the Group's accounting policy in relation to deferred tax, as set out below, the Directors are
 required to make assumptions regarding the Group's ability to utilise historical tax assets following an assessment of the likely
 quantum and timing of future taxable profits. A deferred tax asset is recognised to the extent that the Directors are confident
 that the Group's future profits will utilise historical tax assets.

continued

2. Accounting policies

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

Intangible assets

a) Business combinations and goodwill

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

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

On 4 June 2007 the Company, then named Blueheath Holdings plc, became the legal parent company of Giant Topco Limited in a share-for-share transaction. Due to the relative values of the companies, the former Giant Topco Limited shareholders became the majority shareholders with 90.36% of the enlarged share capital. As part of the business combination Blueheath Holdings plc changed its name to Booker Group plc and changed its accounting reference date to 31 March. Following the transaction the Company's continuing operations and executive management were predominantly those of Giant Topco Limited.

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

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

b) Other intangibles

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

Cost of sales

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

Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

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

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

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

Short-term benefits

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

Financial instruments

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

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

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.

Interest-bearing borrowings

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

Foreign currency

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

Guarantees

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

Impairment

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

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

Inventories

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

continued

2. Accounting policies continued

Investment in joint ventures

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

Other investments

As stated in the basis of consolidation, the investment in Makro is shown in other investments and represents an available-for-sale financial asset and is held at fair value.

Leases

Operating lease payments

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

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

Finance lease payments

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

Net financing costs

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

Operating segments

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

Property, plant and equipment

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

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

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

Leasehold improvements
 lesser of the unexpired term of the lease and 50 years

Plant and equipment 3 – 10 years
 Motor vehicles 4 years

Provisions

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

Revenue

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

Share based payments

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

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

Supplier rebates

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

Taxation

Tax expense included in the Income Statement comprises current and deferred tax.

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

Tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets (excluding goodwill) and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity. Deferred tax assets are only recognised to the extent that, following an assessment of the quantum and timing of future taxable profits, it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

continued

3. Revenue

	2013 £m	2012 £m
Non tobacco	2,505.1	2,438.5
Tobacco	1,487.1	1,494.3
	3,992.2	3,932.8

The Group has no significant reliance on any individual customers. At present the operation in India is insignificant and the Directors therefore present the financial statements as a single reportable segment. Other than the operation in India, all of the Group's revenue originates from the UK. The functional currency of the Indian operation is Rupees.

4. Profit before tax

	2013 £m	2012 £m
This is stated after charging:		
Depreciation of property, plant and equipment (note 9)	14.1	12.6
Amortisation of intangibles (note 10)	0.2	0.2
Operating lease rentals – land and buildings	46.9	46.8
Operating lease rentals – plant and machinery	13.0	11.4
During the period the Group incurred the following costs for services provided by the	he Company's auditors:	
Audit of these financial statements	0.1	0.1
Audit of financial statements of associates of the Company	0.2	0.2
Services in relation to corporate finance transactions	0.7	-
Taxation advisory services	0.1	0.2
	1.1	0.5

During the period, the Group incurred $\mathfrak{L}3.0$ m of fees in relation to the acquisition of Makro Holding Limited, and these have been classified as an exceptional charge. These costs do not give rise to a tax credit.

5. Staff numbers and costs

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

	2013 Number	2012 Number
Business centre, distribution and selling	9,039	8,785
Administration	619	590
	9,658	9,375

The increase in the average number of persons employed by the Group was due to the additional operational staff employed to support the increase in trading activity.

The aggregate payroll costs of these persons were as follows:	£m	£m
Wages and salaries	171.2	164.8
Social security costs	16.8	16.1
Equity settled share based payments	3.1	2.4
Other pension costs	3.5	3.5
	194.6	186.8

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

6. Finance income and expense

	2013 £m	2012 £m
Expected return on pension scheme assets	34.3	36.1
Interest on pension scheme liabilities	(26.8)	(29.8)
Net income attributable to pension scheme	7.5	6.3
Finance income	7.5	6.3
Interest on bank loans and overdrafts	(0.5)	(0.8)
Unwinding of discount on provisions	(1.7)	(1.9)
Amortisation of financing costs	-	(2.4)
Finance expense	(2.2)	(5.1)
Net financing income	5.3	1.2

7. Tax

i) Analysis of charge in the period

	2013 £m	2012 £m
Arising in respect of current period		
Current tax	18.1	13.8
Deferred tax	4.4	6.5
	22.5	20.3
Arising in respect of prior periods		
Over statement in respect of prior period current tax	(1.0)	(4.5)
(Under)/over statement in respect of prior period deferred tax	(3.2)	0.1
	(4.2)	(4.4)
Total tax charge	18.3	15.9

UK corporation tax is calculated at 24% (2012: 26%) of the estimated assessable profit for the period. Taxation in other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

ii) Reconciliation of effective tax rate

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

	2013 £m	2012 £m
Profit before exceptional items and tax	104.4	90.8
Tax using the current UK corporation tax rate of 24% (2012: 26%)	25.1	23.6
Non deductible expenses	2.2	2.1
Deferred tax asset on previously unrecognised tax losses	(3.2)	-
Post acquisition group loss relief from Makro surrendered for nil consideration	(4.0)	_
Tax relief arising on employee share option exercises	(0.3)	(4.7)
Recognition of previously unrecognised temporary differences	(0.8)	(1.4)
Impact of change in future tax rates	0.3	0.7
Adjustments in respect of prior periods	(1.0)	(4.4)
Total tax charge	18.3	15.9
Effective tax rate	17.5%	17.5%

Tax losses can be claimed from Makro from the time when the shares were legally acquired. As Makro is not consolidated, and it is group policy not to pay for group relief, the benefit of these current year trading losses (tax value of Ω 4.0m) has been accounted for as a permanent difference in the Group's current year tax charge.

continued

7. Tax continued

iii) Tax relating to components of other comprehensive income

	2013 £m	2012 £m
Deferred tax credit on:		
Retirement benefit obligations	1.4	6.2

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

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) was substantively enacted and a further reduction to 23% (effective from 1 April 2013) was also substantively enacted. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 29 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

8. Earnings per share

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

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

		2013			2012	
	Earnings £m	Weighted average shares Number m	Earnings per share Pence	Earnings £m	Weighted average shares Number m	Earnings per share Pence
Basic EPS	83.1	1,684.3	4.93	74.9	1,551.4	4.83
Share options	-	32.8	(0.09)	_	30.3	(0.09)
Diluted EPS	83.1	1,717.1	4.84	74.9	1,581.7	4.74

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

9. Property, plant & equipment

	Freehold £m	Long Leasehold £m	Short Leasehold £m	Plant & Equipment £m	Motor Vehicles £m	Total £m
Cost						
At 25 March 2011	0.3	20.6	35.7	232.4	7.1	296.1
Additions	-	6.8	0.5	16.7	0.1	24.1
Disposals	-	-	(0.2)	(2.2)	(0.7)	(3.1)
At 30 March 2012	0.3	27.4	36.0	246.9	6.5	317.1
Additions	_	2.5	0.1	11.4	0.1	14.1
Disposals	_	_	_	(0.6)	(0.2)	(0.8)
At 29 March 2013	0.3	29.9	36.1	257.7	6.4	330.4
Depreciation						
At 25 March 2011	_	3.8	25.2	200.5	6.1	235.6
Provided during the period	_	2.2	1.3	8.7	0.4	12.6
Disposals	_	-	(0.2)	(2.2)	(0.6)	(3.0)
At 30 March 2012	_	6.0	26.3	207.0	5.9	245.2
Provided during the period	_	3.0	1.2	9.6	0.3	14.1
Disposals	_	_	_	(0.6)	(0.2)	(0.8)
At 29 March 2013	_	9.0	27.5	216.0	6.0	258.5
Net book value						
At 29 March 2013	0.3	20.9	8.6	41.7	0.4	71.9
At 30 March 2012	0.3	21.4	9.7	39.9	0.6	71.9
At 25 March 2011	0.3	16.8	10.5	31.9	1.0	60.5

The cost of freehold properties includes land of £0.3m (2012: £0.3m) on which depreciation is not provided.

The net book value of plant and equipment includes £nil (2012: £0.1m) and motor vehicles £nil (2012: £0.1m) in respect of assets held under finance leases.

continued

10. Intangible assets

	Goodwill	Customer relationships	Know-how	Total
Cost	£m	£m	£m	£m
At 25 March 2011	436.4	0.5	0.5	437.4
Additions	_	-	_	-
At 30 March 2012	436.4	0.5	0.5	437.4
Additions	-	_	_	_
At 29 March 2013	436.4	0.5	0.5	437.4
Amortisation				
At 25 March 2011	_	0.1	_	0.1
Charge for the period	_	0.1	0.1	0.2
At 30 March 2012	_	0.2	0.1	0.3
Charge for the period	_	0.1	0.1	0.2
At 29 March 2013	_	0.3	0.2	0.5
Net book value				
At 29 March 2013	436.4	0.2	0.3	436.9
At 30 March 2012	436.4	0.3	0.4	437.1
At 25 March 2011	436.4	0.4	0.5	437.3

Goodwill arose in the Group following:

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

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

The recoverable amount of each CGU is considered to be its value in use, calculated by reference to the pre tax cash flow projections of each CGU based on the Group's approved budget for 2014 and plan for 2015. Cash flows beyond this period are extrapolated into perpetuity using an estimated growth rate of 2% (2012: 2%), being the Directors' estimated view of the long term compound growth in the economy. This is considered appropriate because the CGU is considered to be a long term business. The discount rate used reflects the market assumptions for the risk free rate and equity risk premium and also takes into account the cost of debt.

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

The Directors believe that two CGUs now exist within the Group:

a) Ritter (goodwill of £12.5m, intangible assets of £0.2m)

A pre tax discount rate of 10.5% (2012: 10.7%) has been applied to the projected cash flows.

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions. With all other assumptions held constant, neither a 10% increase in the pre tax discount rate, nor a decline in growth of 10%, would require an impairment to be made.

b) Remaining business excluding Ritter (goodwill of £423.9m, intangible assets of £0.3m)

A pre tax discount rate of 10.8% (2012: 10.8%) has been applied to the projected cash flows.

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions. With all other assumptions held constant, neither a 10% increase in the pre tax discount rate, nor a decline in growth of 10%, would require an impairment to be made.

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

11. Investment in joint venture

	2013 £m	2012 £m
At start of period	0.5	_
Addition	0.4	0.7
Share of loss for the period	(0.3)	(0.2)
At end of period	0.6	0.5

During the period the Group invested £0.4m in its 50% joint venture called Booker Satnam Wholesale Private Limited. The share of loss for the period has been included within administrative expenses.

12. Other investments

	2013 £m	2012 £m
At start of period	-	-
Shares issued	124.2	_
Initial cash consideration	15.8	_
Cash consideration for an above target cash and working capital	4.9	_
At end of period	144.9	_

On 4 July 2012, the Group acquired Makro Holding Limited from Metro AG in exchange for 156,621,525 new ordinary shares and a cash consideration of £15.8m. Makro Holding Limited has two subsidiaries; Makro Properties Limited and Makro Self Service Wholesalers Limited.

The transaction was subject to Competition Commission approval and, whilst this process was in progress, the Group was required to hold Makro separate from the rest of Booker in accordance with undertakings given to the competition authorities in the normal way. As a result, the Group has neither control nor significant influence over Makro at the balance sheet date, and therefore it has not met the requirements for consolidation as set out in IFRS3 (revised) 'Business Combinations' and IAS27 'Consolidated and Separate Financial Statements'. In accordance with IAS39 'Financial Instruments: Recognition and Measurement', the investment will initially be held as an available for sale financial asset. Cash subsequently advanced from Makro is held within creditors.

Full clearance to the transaction was received by the Competition Commission on 19 April 2013 and Makro will be consolidated from this date, being the date that control passes to the Group.

The shares issued as consideration were valued at their fair value of £124.2m, at the date of completion. Fair value was determined by reference to the share price of Booker Group plc at the date of completion, taking into account a discount to reflect the restrictions preventing the shares from being sold for one year after the date of completion. In addition a further £4.9m was paid to reflect an above target cash and working capital position as at 30 June 2012. The investment is measured at fair value in accordance with IAS 39 as it is an available-for-sale financial asset. The fair value is considered to be unchanged since the date of completion and therefore there is no valuation gain or loss recognised in other comprehensive income.

The fair value of the financial asset subsequent to the date of completion is measured by reference to the performance of Makro compared to expectations and the underlying market value of the assets in the business, predominantly property.

continued

13. Deferred tax assets and liabilities

Recognised deferred tax assets

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

	Decelerated tax depreciation £m	Short term timing differences £m	Retirement benefit obligations IAS 19 £m	Property leases IAS17 £m	Trading losses £m	Share based payments IFRS 2 £m	Total £m
At 25 March 2011	6.2	0.6	2.2	3.6	-	1.1	13.7
Charge to the income statement	(2.5)	-	(3.8)	(0.1)	-	(0.2)	(6.6)
Credit to equity	_	_	6.2	_	_	_	6.2
At 30 March 2012	3.7	0.6	4.6	3.5	-	0.9	13.3
Credit/(charge) to the income statem	nent (1.1)	-	(4.4)	-	3.2	1.1	(1.2)
Credit to equity	_	-	1.4	_	_	_	1.4
At 29 March 2013	2.6	0.6	1.6	3.5	3.2	2.0	13.5

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

Unrecognised deferred tax assets

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

	2013 £m	2012 £m
Tax losses	2.1	5.7
Surplus ACT carried forward	30.0	30.0
	32.1	35.7

The amounts of unrecognised deferred tax assets disclosed in the above table represent net amounts.

The Group has unutilised tax trading losses of £7.0m, £2.1m cash benefit, (2012: £22.0m, £5.7m cash benefit) and surplus ACT of £30m, £30m cash benefit (2012: £30m, £30m cash benefit), which is not recognised on the basis that recovery is not probable. The tax trading losses have various expiry dates the earliest of which in respect of £0.3m of the losses is 31 March 2017. There are no expiry dates attributed to the surplus ACT. These unrecognised deferred tax assets have not been recognised following a detailed assessment by the Group in accordance with the accounting policy set out in note 2.

The Group does not have any unremitted overseas earnings.

14. Inventories

	2013 £m	2012 £m
Goods held for resale	267.1	268.5

15. Trade and other receivables

	2013 £m	2012 £m
Trade receivables	62.4	54.4
Allowance for doubtful debts	(4.3)	(4.3)
	58.1	50.1
Prepayments and accrued income	38.5	31.6
	96.6	81.7

Trade receivables of £58.1m (2012: £50.1m) comprise principally of amounts receivable from the sale of goods and are classified as loans and receivables in note 18. All amounts are expected to be received within twelve months.

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

	2013 £m	2012 £m
At start of period	4.3	4.7
Utilised in the period	(0.7)	(1.2)
Charged to income statement	0.7	0.8
	4.3	4.3

16. Trade and other payables

	2013 £m	2012 £m
i) Current		
Trade payables	428.1	420.4
Other taxes and social security costs	18.9	15.7
Amount due to investment	5.6	_
Other payables	5.1	4.3
Accruals and deferred income	28.8	31.4
	486.5	471.8
ii) Non-Current		
Accruals and deferred income	28.0	28.2

Trade payables, other payables and accruals and deferred income of £485.7m (2012: £468.6m) are classified under financial liabilities in note 18.

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

continued

17. Interest bearing loans and borrowings

a) Borrowings contractually repayable - due within one year

	2013 £m	2012 £m
Obligations under finance leases	-	0.1

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

b) Borrowing facilities

In July 2011, the Group negotiated an unsecured bank facility of £120m for a period of 5 years. The revolving credit facility bears floating interest rates linked to LIBOR plus a margin of 1.25%. In the event of default of covenants on the bank facility, any drawn facility and any interest accrued are repayable on demand.

	2013 £m	2012 £m
Facility available	120.0	120.0
Bank guarantees	(7.0)	(5.0)
Undrawn facility available	113.0	115.0

18. Financial instruments

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

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

		Book va	lue	Fair valu	ie
	Note	2013 £m	2012 £m	2013 £m	2012 £m
Financial assets					
Available for sale financial assets		144.9	-	144.9	_
Loans and other receivables		58.1	50.1	58.1	50.1
Cash and cash equivalents		77.2	63.5	77.2	63.5
		280.2	113.6	280.2	113.6
Financial liabilities			,		
Borrowings	а	_	-	-	_
Trade and other payables		(485.7)	(468.6)	(485.7)	(468.6)
Property guarantees	b	(5.0)	(5.0)	(5.0)	(5.0)
		(490.7)	(473.6)	(490.7)	(473.6)

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

Fair values have been calculated as follows:

- a) based on discounted expected future principal and interest cash flows
- b) estimated by discounting estimated future cash flows based on the terms and maturity and risk of each guarantee crystallising

Fair value hierarchy

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

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2013				
Available for sale financial assets	-	-	144.9	144.9
2012				
Available for sale financial assets	-	-	-	_

There have been no transfers between categories during the period.

Liquidity risk

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

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

	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due between 3 and 4 years £m	Over 4 years £m
2013					
Trade and other payables	485.7	_	_	_	_
2012			,		
Trade and other payables	468.6	_		_	_

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

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

continued

18. Financial instruments continued

Credit risk

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

Interest rate risk

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

Capital risk

The Group's objectives when managing capital are:

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In assessing the level of capital all components of equity are taken into account (i.e. share capital and retained earnings). The Group has £77.2m of net cash as at 29 March 2013 and is not subject to externally imposed capital requirements. Management of capital therefore focuses around its ability to generate cash from its operations.

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

Foreign currency risk

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

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

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

19. Analysis of net cash

	At 30 March 2012 £m	Cash flow £m	At 29 March 2013 £m
Cash and cash equivalents	63.5	13.7	77.2
Finance leases	(0.1)	0.1	-
Net cash	63.4	13.8	77.2

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

20. Post employment benefits

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

Defined contribution schemes

Pension contributions of £3.5m (2012: £3.5m) were charged to defined contribution schemes in the period. Included within accruals is £0.3m (2012: £0.3m) of outstanding pension contributions.

Defined benefit schemes

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

The benefit obligations as at 29 March 2013 have been calculated by an independent actuary on an IAS 19 basis using membership data obtained from the 31 March 2010 triennial actuarial valuation which has then been updated to 29 March 2013.

(a) Major assumptions used by the actuary

	2013	2012
Discount rate	4.35%	4.80%
Rate of increase in salaries	3.25%	4.10%
Pension increases	3.20%	3.05%
RPI inflation	3.25%	3.10%
CPI inflation	2.25%	2.10%
Expected rate of return on Scheme assets		
Equities	8.10%	8.00%
Bonds	3.80%	4.50%
Property	6.20%	8.00%
Cash	0.50%	0.50%

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

		2013	2012
Aged 65 retiring immediately (current pensioner)	Male	20.7	20.7
	Female	22.8	22.9
Aged 40 retiring at 65 (future pensioner)	Male	22.2	22.4
	Female	24.0	24.2

(b) The amounts recognised in the balance sheet

	2013		2012	
	£m	%	£m	%
Equities	290.6	48%	275.8	50%
Bonds	276.0	45%	236.5	42%
Property	40.3	7%	41.3	8%
Cash	1.8	-	2.1	
Fair value of Scheme assets	608.7	100%	555.7	100%
Present value of Scheme liabilities	(615.5)		(574.7)	
Deficit in the Scheme	(6.8)		(19.0)	

continued

20. Post employment benefits continued

(c) Movement in the fair value of Scheme assets

	2013 £m	2012 £m
At start of period	555.7	541.8
Employer contributions	10.8	8.4
Expected return on Scheme assets	34.3	36.1
Actuarial gains	38.6	0.8
Benefits paid	(30.7)	(31.4)
At end of the period	608.7	555.7

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

(d) Movement in the present value of Scheme liabilities

	2013 £m	2012 £m
At start of period	(574.7)	(549.8)
Interest on Scheme liabilities	(26.8)	(29.8)
Actuarial losses	(44.7)	(26.5)
Experience gains	-	_
Benefits paid	30.7	31.4
At end of the period	(615.5)	(574.7)

(e) Movement in the Scheme net liability

	2013 £m	2012 £m
At start of period	(19.0)	(8.0)
Employer contributions	10.8	8.4
Credit recognised in the income statement	7.5	6.3
Actuarial loss recognised in other comprehensive income	(6.1)	(25.7)
At end of the period	(6.8)	(19.0)

(f) Amounts recognised in the income statement

	2013 £m	2012 £m
Expected return on Scheme assets	34.3	36.1
Interest on Scheme liabilities	(26.8)	(29.8)
Credited to finance income	7.5	6.3

The IASB has amended IAS 19 'Defined Benefit Plans' which the Group will adopt for the first time in the period ending 28 March 2014. The Group has calculated that changes to the definition, and clarifications made to the calculation of net interest, would have resulted in a charge to the income statement:

	2013 £m	2012 £m
Administrative expenses	1.2	1.2
Net finance expense	0.6	0.2
Charge to the income statement	1.8	1.4

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

	2013 £m	2012 £m
Actuarial gain at start of period	61.0	86.7
Actuarial loss recognised in other comprehensive income	(6.1)	(25.7)
Actuarial gain at end of period	54.9	61.0

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

(h) Actual return on Scheme assets

	2013 £m	2012 £m
Expected return	34.3	36.1
Actuarial gains	38.6	0.8
	72.9	36.9

(i) Historical information

17					
	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Fair value of Scheme assets	608.7	555.7	541.8	563.5	437.8
Present value of Scheme liabilities	(615.5)	(574.7)	(549.8)	(585.3)	(439.8)
Deficit in the Scheme	(6.8)	(19.0)	(8.0)	(21.8)	(2.0)
Difference between actual and expected return on assets	38.6	0.8	1.4	116.3	(93.9)
Percentage of Scheme assets (%)	6.3%	0.1%	0.3%	20.6%	21.4%
Experience gains/(losses) on Scheme liabilities	-	_	8.5	(1.0)	_
Percentage of Scheme liabilities (%)	-	-	1.5%	0.2%	_

(j) Sensitivities

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

Discount rate	+/- 0.1%	Decrease/increase liabilities by £9m
RPI inflation rate	+/- 0.1%	Increase/decrease liabilities by £8m
Life expectancy for current and future pensioners	+/- 1 year	Increase/decrease liabilities by £19m

(k) Contributions to be paid

The Trustees of the Scheme and Group have agreed a schedule of contributions for the next 3.5 years (up to October 2016) of £9.6m per annum. The Group has also agreed to meet the cost of certain expenses of the scheme estimated to be around £1.2m per annum.

continued

21. Provisions

	Property provisions £m	Other £m	Total £m
At 30 March 2012	27.8	5.0	32.8
Unwinding of discount	1.7	_	1.7
Released to income statement	(3.0)	_	(3.0)
Utilised	(3.4)	_	(3.4)
At 29 March 2013	23.1	5.0	28.1

The property provisions principally relate to:

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

Property provisions are discounted at 7.0% (2012: 7.0%), being the long term expected yield for the Group's leased properties and are expected to be utilised over the terms of the leases, with approximately £4.0m expected to be utilised in the year to March 2014.

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

22. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At 30 March 2012	1,567,389,802	15.7
Shares issued in relation to acquisition of Makro (see note 12)	156,621,525	1.6
Share options exercised	3,079,233	_
At 29 March 2013	1,727,090,560	17.3

The total authorised number of ordinary shares is 2,000,000,000 (2012: 2,000,000,000) with a par value of £0.01 per share.

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

6,661,793 ordinary shares in the Company (representing 0.39% of total shares issued) are held in trust by Booker EBT Limited, the trustee of the Booker Employee Benefit Trust which was established in 2006 to hold shares on a discretionary basis for the benefit of employees of the Group from time to time. There has been no movement in the number of shares held in the trust during the year.

23. Share capital and reserves

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

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

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

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

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

24. Dividends

Dividends charged to reserves

	2013 £m	2012 £m
Final dividend of 1.95 pence per share (2012: 1.40 pence per share) paid in respect of the prior period	30.5	21.4
Interim dividend of 0.38 pence per share (2012: 0.33 pence per share) paid in respect of the current period	6.5	5.1
	37.0	26.5

The Directors are proposing a final dividend of 2.25 pence per share, which will absorb £38.7m of equity (distributable reserves). Subject to shareholder approval at the AGM, to be held on 10 July 2013, the dividend will be paid on 12 July 2013 to shareholders on the register at 14 June 2013. The shares will go ex-dividend on 12 June 2013.

25. Share based payments

The Group has a number of share schemes for employees. The total charge for the period relating to employee share-based payments was $\mathfrak{L}3.1m$ (2012: $\mathfrak{L}2.4m$), all of which related to equity-settled share based transactions.

a) Sharesave schemes

The Sharesave scheme has been in operation since 2008 and all employees are eligible to participate once the necessary service requirements have been met. Options are offered at a discount of 20% to the average of the market value of a share on the three dealing days immediately preceding the offer. Options are exercisable three years after the commencement of the savings contract and not more than six months thereafter.

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

	SAYE 2012	SAYE 2011
Grant date	December 2012	July 2011
Share price at grant date	97.6p	74.0p
Exercise price	79.21p	54.5p
Expected volatility	26%	27%
Expected life	3.2 years	3.2 years
Risk free rate	0.54%	1.3%
Expected dividend yield	2.39%	2.3%
Fair value at grant date	23.0p	21.4p

b) Performance Share Plans (PSP)

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

PSP 2012

In November 2012, 6.3 million options were granted to senior employees which will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award. The awards are granted in two tranches:

i) Earnings Per Share (EPS) condition

50% of each award will be linked to an absolute EPS performance target with 25% of this element vesting for achieving growth of 6% per annum and rising on a straight line basis with full vesting requiring 12% growth per annum, as measured at March 2012 and March 2015.

ii) Total Shareholder Return (TSR) condition

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

continued

25. Share based payments continued

b) Performance Share Plans (PSP) continued

PSP 2011

In November 2011, 7.0 million options were granted to senior employees which will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award. A fifth of the shares subject to each option will vest on reaching each of the share prices of 85.80p, 89.40p, 100.10p, 128.70p and 153.00p, in each case sustained over a consecutive 60-day period. As at 29 March 2013, three of the share price targets had been met.

PSP 2010 (a)

In October 2010, 11.3 million options were granted to senior employees which will vest and become exercisable three years from the date of the award subject to continued employment and the performance conditions mentioned below being satisfied and will lapse if not exercised within ten years of the date of award. A quarter of the shares subject to each option will vest on reaching each of the share prices of 60p, 62.5p, 70p and 90p, in each case sustained over a consecutive 60–day period. As at 29 March 2013, the four share price targets had been met.

PSP 2010 (b)

In connection with his appointment to the board, Guy Farrant was granted a special performance share award (in the form of a nil-cost option) over 3.9 million shares in the Company ('the Option'). The Option is in two parts: one part relates to 2.1 million shares in Booker and the other part relates to 1.8 million shares. A third of the 2.1 million shares will vest on reaching each of the share prices of 52p, 56p and 58p. This part of the Option can be exercised in three annual instalments, assuming that the relevant share price target has been reached by the end of each year (otherwise, the Option can be exercised after three years to the extent that the targets have subsequently been reached by that time). A quarter of the 1.8 million shares will vest on reaching each of the share prices of 60p, 62.5p, 70p and 90p. To the extent that these share price targets are met, this part of the Option can be exercised after three years. For each part of the Option, each share price target has to be sustained over a consecutive 60 day period in order for the relevant part of the Option to vest.

PSP 2008

The awards under the PSP 2008 have vested and 10.7 million remain to be exercised.

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

	PSP 2012	PSP 2011	PSP 2010 (a)	PSP 2010 (b)	PSP 2008
Share price at grant date	99.3p	78.95p	53.75p	53.75p	23.75p
Expected volatility	26%	27%	30%	30%	25%
Expected life	3 years	3 years	3 years	1 – 3 years	2 – 3 years
Risk free rate	0.44%	0.7%	1.1%	1.1%	5.0%
Expected dividend yield	2.35%	2.2%	2.4%	2.4%	2.5%
Fair value of TSR component	33.0p	29.0p	23.5p	31.8p	8.4p
Fair value of EPS component	93.0p	n/a	n/a	n/a	n/a

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

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

		Grant date	Number (m)	Vesting period	Expiry date	Exercise price
PSP 2012	Option granted to senior employees	November 2012	6.3	3 year service	November 2022	nil
SAYE 2012	SAYE to all staff	December 2012	3.9	3.2 year service	February 2016	79.21p
PSP 2011	Option granted to senior employees	November 2011	6.9	3 year service	November 2021	nil
SAYE 2011	SAYE to all staff	July 2011	9.4	3.2 year service	September 2014	54.5p
PSP 2010 (a)	Option granted to senior employees	October 2010	11.0	3 year service	October 2020	nil
PSP 2010 (b)	Option granted to senior employee	October 2010	3.9	1 – 3 year service	October 2020	nil
PSP 2008	Option granted to senior employees	July 2008 – July 2009	10.7	Vested	July 2018 – July 2019	nil
	Option granted to senior employees	May 2002 – December 2005	0.1	Vested	2012 – 2015	80.5p to 110.0p
			52.2			

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

	20	2013)12
	Number of share options Million	Weighted average exercise price Pence	Number of share options Million	Weighted average exercise price Pence
Outstanding at beginning of period	45.2	11.6	63.8	6.5
Granted	10.2	30.1	16.4	31.2
Forfeited	(0.1)	_	(0.3)	_
Exercised	(3.1)	0.2	(34.7)	11.5
Outstanding at end of period	52.2	16.0	45.2	11.6
Exercisable at end of period	12.2		14.6	

26. Operating leases

The Group leases a number of trading properties under operating leases. The leases are typically of 5 to 20 years duration, although some have lessee only break clauses. Lease payments are reviewed as contracted and increases applied accordingly. The Group also leases certain items of plant and equipment.

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

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and bu	ildings	Others	
	2013 £m	2012 £m	2013 £m	2012 £m
Within one year	49.9	49.5	8.6	6.2
Within two to five years	187.9	186.9	10.9	8.7
After five years	306.7	346.6	-	_
	544.5	583.0	19.5	14.9

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

	2013 £m	2012 £m
Within one year	1.0	1.0
Within two to five years	2.0	2.0
After five years	1.9	2.1
	4.9	5.1

continued

27. Capital commitments

The outstanding commitments at 29 March 2013 in respect of contracted capital expenditure not provided for amounted to approximately £1.2m (2012: £2.7m).

28. Related party transactions

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

During the year, there were no transactions or balances between the Group and its key management personnel or members of their close family apart from:

- the Group purchases stock from Molson Coors Brewing Co (UK) Ltd Karan Bilimoria is the Chairman of the Cobra Beer Partnership Ltd, a joint venture with Molson Coors Brewing Co (UK) Ltd;
- the Group purchases stock from C&C Group plc, of which Stewart Gilliland is a Non-Executive Director;
- the Group purchases stock from Boparan Holdings Ltd, of which Andrew Cripps is a Non-Executive Director; and
- the Group sells stock to Food & Fuel Ltd, of which Karen Jones is the Chairman.

All transactions with related parties involve the normal supply of goods and are priced on an arm's length basis.

Makro is a related party, on the basis that it is not consolidated at the period end. At the period end, Makro was owed £5.6m (shown within Trade and other payables) from the Group which comprises:

- £8.8m of cash advanced from Makro; and
- £3.2m of competition fees recharged to Makro.

29. Post balance sheet events

Full clearance to the acquisition of Makro was received from the Competition Commission on 19 April 2013 and Makro will be consolidated from this date, being the date that control passes to the Group.

The net assets of the Makro balance sheet at 31 March 2013 were as follows:

	£m
Property, plant and equipment	142.6
Inventories	67.8
Trade and other receivables	15.9
Cash and cash equivalents	0.9
Trade and other payables	(95.0)
Net assets	132.2

Given the proximity of the consolidation date (being the date of 19 April 2013 when control was obtained) and the date of approval of the financial statements, it has not been possible to obtain a Makro balance sheet as at the acquisition date, although the balance sheet at 31 March 2013 is considered unlikely to be materially different from the balance sheet at acquisition. Further, it has also not been possible to undertake a full review of net assets for potential fair value adjustments, although the initial estimate of such adjustments indicates a potential increase to the book value of net assets as stated in Makro's balance sheet of £26m, principally in relation to property valuations and deferred tax.

The directors do not believe that the fair value of the consideration at acquisition will be materially different to the carrying value of the investment in Makro at the year end of $\mathfrak{L}145m$ which would therefore, on this provisional basis, give rise to a provisional goodwill credit (or 'bargain purchase') of $\mathfrak{L}13m$, which would be credited to the income statement during the year ending 28 March 2014.

The anticipated goodwill credit mainly arises due to the recognition of a deferred tax asset in relation to surplus capital allowances in Makro. This asset is not recognised in Makro which is in line with their accounting policies. It can be recognised on acquisition as the surplus capital allowances will create future tax deductions which can be surrendered to the Group.

COMPANY BALANCE SHEET

As at 29 March 2013

		0010	0010
	Note	2013 £m	2012 £m
Fixed assets			
Investments	3	30.4	27.3
Debtors	4	320.4	156.2
Creditors due within one year	5	(101.1)	(64.1)
Net current assets		219.3	92.1
Net assets		249.7	119.4
Capital and reserves			
Share capital	6	17.3	15.7
Share premium	8	34.9	49.1
Other reserve	8	136.8	_
Share option reserve	8	6.6	3.8
Retained earnings	8	54.1	50.8
Shareholders' funds	9	249.7	119.4

These financial statements were approved by the Board of Directors on 22 May 2013 and were signed on its behalf by:

Charles Wilson Jonathan Prentis

Director Director

Booker Group plc Company number 05145685

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Generally Accepted Accounting Practice ('UK GAAP'). The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The Company has taken advantage of the exemption contained in section 408 of the Companies Act 2006 from presenting its own profit and loss account.

Guarantees

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

Investments

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

Share based payments

The Company has issued equity settled share based payments to employees of a subsidiary. The fair value is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. This fair value is accounted as an investment in the subsidiary with a corresponding increase in equity.

2. Profit and loss account

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented separately. The profit recognised for the 52 weeks ended 29 March 2013 was £40.0m (53 weeks ended 30 March 2012: profit £39.9m).

The audit fee of £0.1m (2012: £0.1m) for the current and prior period was borne by another group undertaking without recharge.

3. Investments

	Shares in subsidiary undertakings £m	Capital contribution £m	Total £m
Cost and net book value			
At start of period	20.0	7.3	27.3
Capital contribution	-	3.1	3.1
At end of period	20.0	10.4	30.4

The capital contribution relates to the cost of granting share based payments to employees of subsidiary undertakings – details are shown in note 25 of the Group financial statements.

The Company's principal subsidiary undertakings at 29 March 2013, all of which are wholly owned are as follows:

Name of company	Principal activity	Incorporation
Booker Limited	Wholesaler	UK
Booker Direct Limited	Wholesaler	UK
Giant Topco Limited*	Intermediate holding company	UK
Ritter-Courivaud Limited	Wholesaler	UK
Booker India Private Limited	Wholesaler	India
Makro Holding Limited#	Intermediate holding company	UK
Makro Properties Limited#	Property	UK
Makro Self Service Wholesalers Limited#	Wholesaler	UK

^{*} Direct subsidiary of Booker Group plc

Full details of all Group subsidiary undertakings are included in the Company's annual return filed with Companies House.

^{*}Not consolidated by Booker Group plc (see note 1 of the consolidated financial statements)

4. Debtors

	2013 £m	2012 £m
Amounts owed by Group undertakings	320.4	156.2

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

5. Creditors due within one year

	2013 £m	2012 £m
Amounts owed to Group undertakings	101.1	64.1

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

6. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At start of period	1,567,389,802	15.7
Shares issued in relation to acquisition of Makro	156,621,525	1.6
Share options exercised	3,079,233	_
At end of period	1,727,090,560	17.3

The total authorised number of ordinary shares is 2,000,000,000 (2012: 2,000,000,000) with a par value of £0.01 per share.

6,661,793 ordinary shares in the Company (representing 0.39% of total shares issued) are held in trust by Booker EBT Limited, the trustee of the Booker Employee Benefit Trust which was established in 2006 to hold shares on a discretionary basis for the benefit of employees of the Group from time to time. There has been no movement in the number of shares held in the trust during the year.

7. Share options

The Company has a number of share schemes for employees of the Group, details are shown in note 25 of the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

8. Reserves

	Share capital £m	Share premium £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At start of period	15.7	49.1	-	3.8	50.8	119.4
Retained profit for the period	_	-	_	_	40.0	40.0
Dividend	-	_	-	-	(37.0)	(37.0)
Capital contribution	_	-	_	3.1	_	3.1
Reclassification between reserves	-	(14.2)	14.2	-	_	-
Shares issued	1.6	-	122.6	-	_	124.2
Share options exercised	_	-	-	(0.3)	0.3	_
At end of period	17.3	34.9	136.8	6.6	54.1	249.7

Dividends charged to reserves

	2013 £m	2012 £m
Final dividend of 1.95 pence per share (2012: 1.40 pence per share) paid in respect of the prior period	30.5	21.4
Interim dividend of 0.38 pence per share (2012: 0.33 pence per share) paid in respect of the current period	6.5	5.1
	37.0	26.5

The Directors are proposing a final dividend of 2.25 pence per share, which will absorb £38.7m of equity (distributable reserves). Subject to shareholder approval at the AGM, to be held on 10 July 2013, the dividend will be paid on 12 July 2013 to shareholders on the register at 14 June 2013. The shares will go ex-dividend on 12 June 2013.

9. Reconciliation of movement in shareholders' funds

	2013 £m	2012 £m
Profit for the period	40.0	39.9
Dividend	(37.0)	(26.5)
Capital contribution	3.1	2.4
Shares issued	124.2	_
Share options exercised	-	4.2
Shareholders' funds at the start of the period	119.4	99.4
Shareholders' funds at the end of the period	249.7	119.4

10. Related party transactions

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

By order of the Board

Charles Wilson Jonathan Prentis

Director Director

22 May 2013

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

We have audited the financial statements of Booker Group Plc for the 52 week period ended 29 March 2013 set out on pages 42 to 75. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www. frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 29 March 2013 and of the group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements;and
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial processes and about share capital structure is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 47, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

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

St. James' Square Manchester M2 6DS

22 May 2013

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Directors

Richard Rose
Non-Executive Chairman

Charles Wilson Chief Executive

Jonathan Prentis *Group Finance Director*

Mark Aylwin

Executive Director

Guy Farrant

Executive Director

Bryn Satherley Executive Director

Helena Andreas
Non-Executive Director

Lord Karan Bilimoria
Non-Executive Director

Andrew Cripps
Non-Executive Director

Stewart Gilliland
Non-Executive Director

Karen Jones
Non-Executive Director

Company Secretary

Mark Chilton

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