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Personal Service



More for Licensees



Everyday essentials



Free delivery service



Lichfields



Branch Promotions



www.booker.co.uk



DRIVING AND BROADENING THE BUSINESS

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDING 27 MARCH 2009

Booker is the UK's leading food wholesaler.

We supply approximately 296,000 catering businesses and 72,000 independent retailers. We operate from 173 cash and carry branches throughout the United Kingdom and operate a national delivery service.



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Notes: This document includes forward looking statements with respect to the group's plans and its current goals and expectations relating to its future financial condition, performance and results. These forward looking statements sometimes contain words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'might', 'will', 'could' or other words of similar meaning. Any forward looking statements made throughout this document represent the Directors' 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 Director's Report. 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.

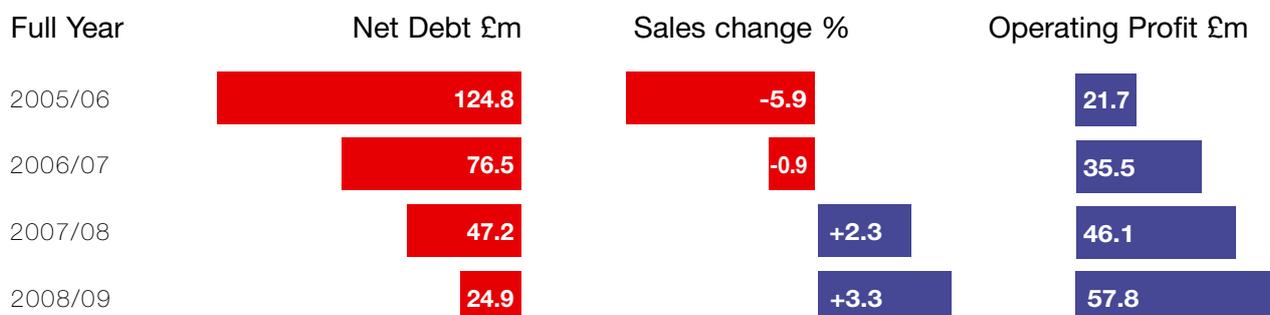
Booker expressly disclaims any obligation or undertaking (except as required by applicable law) to update the forward-looking statements made in this document or any other forward-looking statements it may make or to reflect any change in the group's expectation with regard thereto or any changes in 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.

BOOKER

HIGHLIGHTS

“Customer satisfaction has improved, sales have increased, operating profits are up 25%, net debt is down 47% and our plans to ‘broaden’ the business are taking shape.”

Charles Wilson, Chief Executive.



Financial Highlights

- Total sales + 3.3% to £3.2bn (2008: £3.1bn)
- Like for like sales:
 - non-tobacco +5.7% (2008: +3.3%)
 - tobacco -1.5% (2008: -5.4%)
 - sales to caterers/others +7.0% (2008: +2.2%)
 - sales to retailers +1.0% (2008: -1.5%)
- Operating profit +25% to £57.8m (2008: £46.1m)
- Operating margins +0.32% to 1.82% due to better product mix and tight cost control (2008: 1.5%)
- Profit before tax +30% to £47.2m (2008: £36.2m)
- Profit after tax +32% to £39.2m (2008: £29.8m)
- Basic earnings per share +29% to 2.63 pence (2008: 2.04 pence)
- Net debt reduced by 47% to £24.9m (2008: £47.2m)
- Proposed final dividend of 0.67 pence per share (2008: 0.5375 pence per share) making a total dividend for the year of 0.87 pence per share, up 62% on 2008 (2008: 0.5375 pence per share)

Operational Highlights

- Customer satisfaction for choice, price and service improved
- By May 2009, 71 of the 173 branches had been converted into the ‘Extra’ format
- Internet sales +129% to £250m (2008: £109m)
- Booker Direct is continuing to grow with major account wins
- We are opening our first branch in Mumbai, India
- The move from AIM to the Official List is on track

BUSINESS PROFILE

Booker has 173 cash and carry branches in the UK with a national delivery network.

We serve approximately 296,000 catering businesses and 72,000 independent retailers.

	Customer Numbers 000's	Sales £bn 2005/06	Sales £bn 2006/07	Sales £bn 2007/08	Sales £bn 2008/09
Caterers	296	0.80	0.83	0.85	0.93
Retailers	72	2.13	2.10	2.15	2.19
Others	46	0.11	0.08	0.08	0.06
Total	414	3.04	3.01	3.08	3.18

Of our sales in 2008/09, £2.0bn was non-tobacco and £1.2bn was tobacco.

	Sales £bn 2005/06	Sales £bn 2006/07	Sales £bn 2007/08	Sales £bn 2008/09
Non Tobacco	1.77	1.75	1.84	1.95
Tobacco	1.27	1.26	1.24	1.23
Total	3.04	3.01	3.08	3.18

£2.5bn of sales in 2008/09 were collected from the cash and carry by the customer. £0.7bn was delivered to the customers' premises from the cash and carry or regional distribution centre.

	Sales £bn 2005/06	Sales £bn 2006/07	Sales £bn 2007/08	Sales £bn 2008/09
Cash and Carry collect	2.55	2.53	2.50	2.50
Delivered	0.49	0.48	0.58	0.68
Total	3.04	3.01	3.08	3.18

Since September 2005, substantial progress has been achieved.

		Sept 2005 UK GAAP	Mar 2006 UK GAAP	Sept 2006 IFRS	Mar 2007 IFRS	Sept 2007 IFRS	Mar 2008 IFRS	Sept 2008 IFRS	Mar 2009 IFRS
Sales Change	%	(5.9%)	(5.9%)	(2.5%)	+0.6%	+2.5%	+2.1%	+2.1%	+4.3%
Operating Profit	£m	13	9	20	16	24	22	30	28
Operating Profit Change	%	(54%)	(44%)	+54%	+78%	+20%	+38%	+25%	+27%
Net Debt	£m	361	125	70	77	47	47	29	25

Note: The periods to September are for 24 weeks, whilst periods to March are for 28 weeks. Figures for September 2005 and March 2006 have been prepared under UK GAAP, and under IFRS thereafter. Sales and net debt are calculated on a consistent basis under both UK GAAP and IFRS.

In the Highlights and Business Profile, Operating Profit in 2005/06 is stated under UK GAAP before goodwill, impairment and exceptional items. Figures stated for 2006/07 are before an exceptional charge of £1.8m.

CHAIRMAN'S STATEMENT



Market conditions have been challenging due to the cooling in the economy and the smoking ban in public places. Despite these issues, Booker Group plc has performed well. Sales are up 3.3% in the year, operating profit is up 25% and net debt was cut by 47%. Customer satisfaction has improved and the financial performance has been sound across the period.

The drive into the catering market is working with like-for-like sales to caterers and other non-retailers up by 7.0% and sales to retailers up by 1.0%. Despite product cost inflation in some sectors, our prices have remained competitive and stock availability has been good.

The plans to 'broaden' the business are going well. By May 2009 we had converted 71 of our 173 branches to the 'Extra' format. The Extra format offers a wider range and delivers a better customer experience.

Booker Direct, our delivered wholesale business is growing well. We have had some major customer wins including HM Prisons in England and Wales.

Our internet business is growing strongly with sales of £250m compared to £109m in the previous year.

In addition we announced in April that we intend to open our first cash & carry branch in Mumbai, India later this year.

I am pleased that Karen Jones joined the Board as an independent Non-Executive Director in March 2009. Her background, including having been the chief executive of Spirit Group, the pub and restaurant business, means she brings extensive catering experience to the Board. I am also pleased that Richard Farr joined the Board as an independent Non-Executive Director on 27 May 2009. He has a great deal of financial and business knowledge and will make a good contribution to the Board.

Bryan Drew, Commercial Director and Bryn Satherley, Operations Director joined the Board in November 2008. Both are making a major contribution to Booker.

Kevin Lyon, Non-Executive Director, stepped down from the Board on 27 May 2009. Kevin has made a great contribution to Booker as a private then AIM listed company. After four years on the Board he has decided to pursue other opportunities. We wish him well and thank him for the support he has given.

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

Basic earnings per share at 2.63 pence is up from 2.04 pence last year. Given the strong operational performance of the business, the Board recommends the payment of a 0.67 pence per share final dividend (payable on 10 July 2009). This is in addition to the interim dividend of 0.2 pence per share, that was paid on 28 November 2008.

Outlook

The economy is expected to remain difficult in the year ahead and the food wholesale market remains very competitive. We expect to continue to make progress in this challenging environment.

Subsequent to the year end, Booker continues to trade in line with management expectations.

Move to the Main Market

We have separately confirmed our intention to move trading in the Company's shares from the AIM market to the Official List.

Annual General Meeting

Our Annual General Meeting will be held on 8 July 2009. The notice of the Annual General Meeting separately accompanies this document.

Richard Rose
Chairman

Sales are up 3.3% in the year, operating profit is up 25% and net debt was cut by 47%.

CHIEF EXECUTIVE'S REVIEW



Booker continues to make good progress. Back in Autumn 2005, Booker was in a poor place with net debt of £361m, sales dropping at a rate of 6% per annum, a slump in profits and supplier and customer confidence in the business was very low. In November 2005 the senior management team was changed and we outlined our plan to focus, drive, and broaden the business. That plan is working. Customer satisfaction is improving due to our better choice, lower prices and enhanced service. At March 2009 net debt was £25m and, on prior year, sales were up 3.3% and operating profit was up 25%. While we are happy with the progress we have made, we still have a lot to do to fulfil our ambition of becoming the UK's best and biggest supplier to small business.

FOCUS

(commenced November 2005)

Although most of our 'focus' activity was completed between November 2005 and March 2006, we continue to improve business efficiency and cash management. Throughout the business we are seeking to 'stop, simplify and standardise' work so that we enhance customer service whilst improving efficiency.

DRIVE

(commenced April 2006)

We survey more than 40,000 customers each year to see how each branch and product category is performing. The key question is; "Would you recommend Booker to a friend?" In January 2007, 78.2% of customers surveyed said they would. In January 2008 the score was 79.3% and in January 2009 it improved again to 83.9%. This reflects our efforts to improve choice, price and service.

Choice Up

- In January 2008 we introduced the 'First for Pubs' range. We now sell more than 3,000 kegs of beer per week. In January 2009 we launched Pub Favourite Meal Deals for £2.50 to help independent pubs compete in these cost-conscious times.
- In July 2007 we launched Euro Shopper, a range which allows the independent retailer to benefit from the growth of discount retailing. Euro Shopper sales are now above £0.6m per week, up from £0.3m per week last year.
- In 2008 we launched Lichfields Luxury portion packs which are ideal for hotels, bed and breakfasts and pubs. Total Lichfields sales are now £0.2m per week.

Prices Down

- During the year we have seen product cost inflation in several sectors including cooking oil, rice, pasta and bread – but we have kept our prices competitive in the face of this challenge. We are now seeing deflation in some product sectors.
- In 2008 we launched a Catering Price Check service on our website which enables the comparison of Booker prices to those of other foodservice suppliers. More than 10,000 price comparisons have been made using this service.

Better Service

- In December 2007 we removed charges for handling credit and debit cards and in March 2008 we launched free delivery.
- All branch staff have been trained on what we call "PRIDE". This works to improve the Parking, Reception, Internal, Delivery and Exit experience for customers.

Customer satisfaction has improved due to our better choice, lower prices and enhanced service.



**EURO SHOPPER
ENERGY DRINK**



**LICHFIELDS LUXURY
PORTION PACKS**

- We now have more than 2,200 customers trading as Premier. At the 2008 Convenience Tracking Programme Awards, Premier won 'best in class' for availability, customer service and value for money. Building on this success, in 2009 we are re-launching Premier with consumer driven ranging, improved information systems and a new format called 'Premier Express'.

BROADEN
(commenced April 2007)

We continue to 'broaden' Booker. To achieve this we are:

- **Improving the cash and carry experience**
In January 2006 we converted our first 'Extra' branch. By May 2009, 71 of the 173 branches had been converted to the 'Extra' format. The key features are a lighter, brighter branch environment and improved layout, signage and ranges. Our Derby branch is typical of the new format. Caterers, retailers and small business customers much prefer the environment.

- **Internet**
In June 2007 we launched the improved booker.co.uk site. Customer satisfaction with the new site is excellent. Sales on the site have increased from £44m per annum in the year to March 2007 to £250m this year. In 2008 we were awarded 'Online Retailer of the Year' at the Retail Industry Awards.
- **Booker Direct**
We have become the largest supplier of food and drink to the UK's cinema industry. In addition to our existing relationship with Vue Cinemas, we have now secured national supply agreements with Odeon UCI, Apollo, Empire, Reel and Showcase. In partnership with DHL we have been awarded a contract to supply the HM Prisons in England and Wales. We were awarded preferred food supplier status to S&N Pub Enterprises, Charles Wells Pub Company and Frederic Robinson in 2008. In the summer of last year we also won supply contracts with Harrison Catering, Gala Bingo and Sarova Hotels.

We have kept our prices competitive in the face of product cost inflation.

**DERBY 'EXTRA' BRANCH
BEFORE**



AFTER



CHIEF EXECUTIVE'S REVIEW

continued

- **Booker India**

In April 2009 we announced the launch of Booker India. In the UK we supply over three thousand Indian restaurants and thousands of other Indian owned businesses. A number of these customers have said that Booker would do well in India and we have responded to the challenge. A team from Booker reviewed the market for 12 months and we have now decided to open one store in Mumbai later this year. We look forward to serving the kirana stores, food stalls and restaurants of Mumbai.

The plan to focus, drive and broaden Booker is facilitated by developing our staff and by improving the sustainability of the business:

- **People**

- The Group is an equal opportunities employer.
- 6,500 Branch colleagues have been trained in PRIDE (Parking, Reception, Internal, Delivery, and Exit).
- The role of the Branch Supervisor has been clearly defined with 805 Supervisors in new roles.
- We are committed to making Booker a better and safer place to work and in February 2009 held a 'Health and Safety Week' to increase awareness.

Our people are key to the future of our business and we will continue to develop colleagues at all levels of the business. We would like to thank all our colleagues for their efforts over the past 12 months.

- **Sustainability**

- We have been awarded the Carbon Trust Standard by the Carbon Trust and are the only food wholesaler to achieve this. Many changes have taken place to improve our 'carbon footprint' including reducing our food miles travelled by 125,000 miles per annum and, in the year, converting more than 500,000 litres of customers' used cooking oil into bio-diesel.
- The Group fulfils its duty to minimise adverse environmental impacts by ensuring efficient use of materials and energy, recycling wherever possible, minimising waste and ensuring compliance with relevant legislation.

In summary, customer satisfaction has improved, our sales have increased, operating profits are up 25% and our net debt is down 47%. Our plan to focus, drive and broaden the business is working and we are satisfied with the progress we have made.

Charles Wilson
Chief Executive

We are the only food wholesaler to be awarded the Carbon Trust Standard.



GROUP FINANCE DIRECTOR'S REPORT



Financial Review

Overall Group revenue increased by 3.3% (2008: +2.3%). Non tobacco like-for-like sales increased by 5.7% (2008: +3.3%) while like-for-like tobacco sales fell by 1.5% (2008: -5.4%), following the introduction of the smoking ban in public places in England and Wales in 2007.

Group operating profit increased by £11.7m to £57.8m, lifting operating margins by 0.32% to 1.82%. The improvement in margin was due to a better product mix and good control of costs.

The net finance charge of £10.6m (2008: £9.9m) comprises:

- the cash interest cost of borrowing of £6.8m (2008: £9.5m). This has reduced due to the repayment in the year of £39.8m of senior debt from £89.8m at 28 March 2008 to £50.0m at 27 March 2009 (see Borrowing Facilities below);
- a £4.8m credit in relation to the discount on purchase of £26.3m of term debt (see Borrowing Facilities below);
- a £0.9m amortisation of fees carried in the balance sheet relating to the term debt purchased in the period (see Borrowing Facilities below);
- the amortisation of fees and discounting of provisions of £4.7m (2008: £4.2m);
- a credit relating to the expected return on pension scheme assets less unwind on the liabilities of £2.1m (2008: £3.6m);
- a charge relating to interest hedge instruments of £5.1m (2008: credit of £0.2m) (see Interest Rates below).

Profit before tax is up £11.0m at £47.2m (2008: £36.2m), an increase of 30%.

The effective tax rate (being the tax charge as a percentage of profit before taxation) for the Group of 16.9% was below the standard rate of corporation tax in the UK, due principally to the utilisation of tax assets not recognised in prior years.

Profit after tax was £39.2m, an increase of £9.4m compared to 2008.

Basic earnings per share rose to 2.63p up 29% from 2.04p in 2008.

The Board is recommending a final dividend of 0.67 pence per share (2008: 0.5375 pence per share) payable (subject to shareholder approval at the Annual General Meeting, to be held on 8 July 2009) on 10 July 2009 to shareholders on the register at 12 June 2009. The shares will go ex-dividend on 10 June 2009.

The final dividend lifts the total dividend per share for the year to 0.87 pence, up 62% on 2008 (2008: 0.5375 pence).

Cash Flow

Management has continued to focus on cash generation resulting in a net debt improvement of £22.3m to £24.9m. Earnings before interest, tax, depreciation and amortisation (EBITDA) of £72.5m, up from £62.3m in the prior year, allowed an increase in capital expenditure to £13.9m (2008: £11.0m) and the payment of £11.0m of dividends (2008: £nil).

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 27 March 2009, the Scheme had an IAS 19 deficit of £2.0m (2008: surplus of £9.8m).

The movement in the pension fund position is the result of reduced asset values offset by higher discount rates, lower expected inflation and a Group contribution in the year of £11m, of which approximately £1m is in relation to the costs of administering the Scheme. The reduction in market value of Scheme assets at 27 March 2009 was limited due to the weighting of the portfolio away from equities in favour of corporate bonds.

The improvement in operating margin was due to a better product mix and good control of costs.

GROUP FINANCE DIRECTOR'S REPORT

continued

Goodwill

The net book value of goodwill in the balance sheet is £423.9m (2008: £423.9m). 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 13.5%.

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 27 March 2009, the Group had net debt of £24.9m (2008: £47.2m).

Included within net debt are £0.2m of finance leases (2008: £1.1m) relating mainly to Information Technology equipment.

Borrowing Facilities

The Group had, at 28 March 2008, an £89.8m bank loan which was due to be repaid in total in March 2011 and a £161.0m revolving credit facility available until March 2010. The facilities were provided by HBoS plc ('HBoS') and Kaupthing Bank hf ('Kaupthing').

On 1 August 2008 the Group reduced the bank loan by £15m to £74.8m in accordance with its requirement to repay half of cash generated in the prior year. The £74.8m bank loan was provided £48.5m by HBoS and £26.3m by Kaupthing.

On 22 December 2008, the Group purchased the bank loan due to Kaupthing for £21.5m, a discount of £4.8m and cancelled the remainder of its Kaupthing revolving credit facility. At the same time the entire Kaupthing facility was replaced with a matched facility from Barclays Plc ('Barclays') restoring the bank loan to £74.8m and the revolving credit facility to £161.0m. £24.8m of the bank loan was immediately repaid to HBoS and Barclays proportionately out of the revolving credit facility and the revolving credit facility was reduced by £15m. The revised facilities of £50.0m bank loan and £146.0m revolving credit facility were then extended to June 2012.

The discount of £4.8m realised on settlement of the Kaupthing bank loan has been credited to the income statement as part of finance income and the remaining £0.9m of unamortised arrangement fees held in the balance sheet in relation to the Kaupthing facilities at 22 December 2008 has been fully written off. On the basis that the terms of the HBoS element of the facility have not been substantially modified, the unamortised fees of £1.6m at 22 December 2008 relating to the HBoS element of the original facility have been rolled forward and will be amortised over the extended facility.

Arrangement fees of £3.7m charged by HBoS and Barclays in aggregate have been capitalised and, together with rolled forward HBoS fees of £1.6m, will be amortised over the period to 30 June 2012.

The Group's borrowings are subject to covenants set by the lenders using financial results prepared under UK GAAP.

The financial covenants are Interest Cover, measured by the ratio of earnings before interest, tax, depreciation and amortisation ('EBITDA') to interest (tested quarterly), and Cash Cover, measured by the ratio of cash inflow to interest (tested half yearly).

The Group complied with its covenants throughout the year. At 27 March 2009, under UK GAAP the Group achieved Interest Cover of 11.8 and Cash Cover of 4.2 comfortably exceeding its covenant obligations. The Group must have also not required its revolving credit facility for a total of ten working days within the financial year, a target that was also exceeded.

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.

Management has continued to focus on cash generation resulting in a net debt improvement of £22.3m to £24.9m.

Interest Rates

The Group's hedging policy is to maintain the profile of borrowings within a collar of interest rates.

The Group currently has an amortising LIBOR interest rate swap at 4.98% for £130m, arranged in 2005, expiring in March 2011. In addition there are two option caps and a floor, also at £130m, which effectively set a collar between 4.25% and 5.68%. Should LIBOR fall below 4.25% the floor rises to 5.21%. The Group also has a £130m option at 4.98% exercisable at the discretion of HBoS in March 2011 for two years. The £130m hedges are divided into 13 tranches of £10m.

At 27 March 2009, the market value of these instruments was an aggregate net liability of £11.6m to the Group (2008: aggregate net liability of £2.0m).

Due to the lower level of debt now carried by the Group £50m of the hedge has been deemed to be ineffective under IAS39. Consequently that proportion of the movement in value, equivalent to £5.1m, has been charged to interest.

Liquidity

At 27 March 2009, £20.4m was held in cash and cash equivalents. The Group's only bank borrowings related to its £50.0m term loan.

At 27 March 2009, the Group had in issue £31.2m of guarantees (2008: £31.5m) leaving undrawn facilities of £114.8m.

The peak level of drawdown on the revolving credit facility on a cleared basis in the year to 27 March 2009, which occurred after the refinancing on 22 December 2008, was £72.5m giving a minimum facility headroom in the year of £40.5m after taking into account the guarantees referred to above.

Risk Management

The Board is continually reviewing the risks to people, profits, reputation and funding that the business faces. The year ended March 2009 was a turbulent year. The economy was challenging with the 'credit crisis' and there was commodity price uncertainty. Despite these and other challenges the risk management controls operated well.

Jonathan Prentis
Group Finance Director

The Board is recommending a final dividend of 0.67 pence per share.

BOARD OF DIRECTORS*

Richard Rose,
Non-Executive Chairman
(Age: 53)

Richard joined Blueheath as deputy Chairman in May 2006 and was appointed Executive Chairman in September 2006. Richard now acts as Non-Executive Chairman of the Company. Richard was formerly Chief Executive Officer 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 Officer 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 is also Non-Executive Chairman of Kiotech International plc, Executive Chairman of Crawshaw Group plc and Helphire Group plc and Non-Executive Director of DRL Group Ltd.

Charles Wilson,
Chief Executive
(Age: 43)

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 at Marks and Spencer Plc. In 2005 he was appointed as Chief Executive of Booker.

Jonathan Prentis,
Group Finance Director
(Age: 47)

Jonathan qualified as a chartered accountant in 1987 with Deloitte & Touche. Jonathan was appointed as Group Finance Director of Booker in 2005 after the acquisition of The Big Food Group plc. 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, Jonathan was with TDG plc.

Bryan Drew,
Commercial Director
(Age: 48)

Bryan is Commercial Director, responsible for all buying and brands of the Booker Group. Bryan was at Booker plc from 1989 to 2003 when he left to co-found Hub Wholesale Ltd. He returned to Booker Group plc in November 2005.

Bryn Satherley,
Operations Director
(Age: 48)

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 in 2005. Prior to that he was at Exel plc and was on the board of Alldays Limited.

Lord Bilimoria CBE,DL,
Non-Executive Director
(Age: 47)

Karan Bilimoria is a Cambridge University law graduate and a qualified Chartered Accountant. He is the founder and Chairman of Cobra Beer Ltd. He is Chancellor of Thames Valley University and an Honorary Fellow of Sidney Sussex College, Cambridge. He is an Advisory Board Member of Boston Analytics and a former Non-Executive Director of Brake Brothers. He is also Chairman of the UK India Business Council and an independent Crossbench Peer in the House of Lords.

Andrew Cripps,
Non-Executive Director
(Age: 51)

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 Helphire Group plc and Molins plc.

Richard Farr,
Non-Executive Director
(Age: 51)

Richard is a qualified Chartered Accountant and was a director and subsequently partner in the restructuring and pensions practices at PricewaterhouseCoopers between 2001 and 2007 during which time he was seconded to the Pensions Regulator. Prior to joining Booker, Richard was a director of Swiss Re Capital Markets Limited. Richard is currently a Director of Blue Sky (London) Limited.

Karen Jones,
Non-Executive Director
(Age: 52)

Karen was CEO of Spirit Group Ltd, a private equity backed pub & restaurant group which was built up by acquisition. Spirit was sold for £2.7bn to Punch Taverns in January 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 July 1996. Karen has a first class honours degree from University of East Anglia, and also attended Wellesley College, USA. Karen has now started another hospitality company in London, Food and Fuel Ltd which currently consists of ten gastropubs. Karen was formerly a Non-Executive Director of HBoS plc, is a Non-Executive Director of Virgin Active Group Ltd and of Royal National Theatre Enterprises Ltd. She is a Governor of Ashridge Business School, sits on the Industrial Development Advisory Board and chairs the Rebuilding Childhoods Board of the NSPCC.

* The Directors are those holding office from the close of business on 27 May 2009.

CORPORATE GOVERNANCE

Principles of Corporate Governance

The Company is committed to high standards of corporate governance. Compliance with the Combined Code on Corporate Governance (the 'Code'), published in June 2008 by the Financial Reporting Council, is not required for a company whose shares are admitted to trading on AIM. The Directors, however, support the Code's provisions and have complied with it whenever it has been appropriate to do so. This report sets out details of how the Company has applied the principles of section 1 of the Code during the year.

The Company has confirmed its intention to apply for admission of its Ordinary Shares to the Official List of the UK Listing Authority (the 'Official List') and to trading on the London Stock Exchange's market for listed securities ('Admission'). The Company intends to comply with the Code following Admission.

The workings 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 four Executive Directors and five 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 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 Holdings plc ('Blueheath') immediately prior to the reverse acquisition of Blueheath by the Booker Group and became Non-Executive Chairman of the Company upon completion of the merger. The Company's combined business is significantly different to and larger than Blueheath and there is a division of responsibilities between Richard and the Executive Directors, in particular, Charles Wilson as Chief Executive, such that his current and former roles can be considered incomparable. Whilst Richard has share options in the Company that were awarded prior to the reverse acquisition, there is no intention to award him any further options in the future.

Having regard to all the circumstances, including the independence Richard has demonstrated as Chairman of the Company, 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, therefore half of the Directors, excluding the Chairman, are independent Non-Executive Directors.

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 if they have concerns which contact through the normal channels have failed to resolve, or for which such contact would be inappropriate.

The Board believes that it has sufficient members to contain a balance of experience and skills, but 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 individuals skills and experience of the Directors are contained in the Directors' biographies on page 10.

CORPORATE GOVERNANCE

continued

The Board meets regularly, on at least twelve scheduled occasions during each year and more frequently if necessary. There were twelve scheduled Board meetings, five Audit Committee meetings, four 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
Richard Rose ^{1 2 3}	12/12	2/5	4/4	2/2
Charles Wilson ^{2 3 4}	12/12	5/5	4/4	2/2
Jonathan Prentis ²	12/12	5/5		
Lord Bilimoria ¹	11/12		4/4	2/2
Andrew Cripps ¹	12/12	5/5	4/4	2/2
Hans Kristian Hustad ⁵	4/4			
Kevin Lyon ⁶	12/12	5/5		
Jim McMahon ⁵	2/4			
Bryan Drew ⁷	5/5			
Bryn Satherley ⁷	5/5			
Karen Jones ^{1 8}	1/1			

¹ Independent Non-Executive Director

² Not a member of the Audit Committee but attended by invitation

³ Not a member of the Remuneration Committee but attended by invitation

⁴ Not a member of the Nomination Committee but attended by invitation

⁵ Hans Kristian Hustad & Jim McMahon resigned from the Board on 9 July 2008

⁶ Kevin Lyon resigned from the Board on 27 May 2009

⁷ Bryan Drew and Bryn Satherley were appointed to the Board on 12 November 2008

⁸ Karen Jones was appointed to the Board on 4 March 2009

Richard Farr was appointed to the Board and to the Audit and Remuneration Committees on 27 May 2009 and, as such, did not hold office during the period under review.

The Board keeps the membership of committees under review to ensure gradual refreshing of skills and experience. The Board is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals.

The Board is responsible to shareholders for ensuring that the Company 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. Individual Directors may seek independent advice at the expense of the Company, subject to following an agreed procedure. The Company maintains appropriate Directors' and Officers' Liability Insurance.

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 2 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 Company. This includes formulating and recommending the Group's strategy for Board approval in addition to executing the approved strategy.

Information and professional development

The Board is supplied with regular and timely information in a form and of a quality that enables it to discharge its duties. All Directors are encouraged to make further enquiries as they feel appropriate of the Executive Directors or management. In addition, Board committees are provided with sufficient resources, plus the power to co-opt such additional support as they may require from time to time, to undertake their duties.

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

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

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 procedure and applicable laws and regulation. The Board has responsibility for the appointment and removal of the Company Secretary.

Performance evaluation

During the year, the Board conducted an evaluation of its own performance and that of its three principal committees. In April 2009, each Director completed a questionnaire prepared by the Chairman and the Company Secretary to rate the collective performance of the Board and its committees over some 30 questions with free text boxes for comments. The Company Secretary collated the evaluation results and the Chairman then reviewed an unattributed executive summary, highlighting key outcomes. A report of the findings was then presented to and discussed by the Board. The Directors have concluded that, following this evaluation, the Board and its committees operate effectively and also consider that each Director is contributing effectively and demonstrates commitment to the role.

During the year, the Chairman and the Non-Executive Directors met in the absence of the Executive Directors and there was 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.

Committees

The Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee to oversee and debate issues of policy and oversight 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.

Audit Committee

Chaired by Andrew Cripps, one of the Non-Executive Directors, from 9 July 2008, the Audit Committee during the year comprised one other Non-Executive, Kevin Lyon (previously Chairman of the Audit Committee). Following the year end, Kevin Lyon's resignation from the Board and the appointment of Richard Farr as a Non-Executive Director, Richard Farr and Karen Jones have joined the Audit Committee in place of Kevin Lyon. All members of the Audit Committee are considered by the Board to be independent. The Board considers Andrew Cripps to have recent and relevant financial experience including his role as Chairman and member of the Audit Committee at a number of fully listed companies and previous executive experience at a FTSE 100 listed company.

At the invitation of the Audit Committee, the Chief Executive, Group Finance Director, Head of Internal Audit and the external Auditor have attended meetings during the year. The Company Secretary is secretary to the Audit Committee.

The Audit Committee has defined terms of reference, which are published on the Company's website. Richard Rose, Chairman, Charles Wilson, Chief Executive, Jonathan Prentis, Group Finance Director, and external auditors attend meetings of the Audit Committee by invitation. The Audit Committee is primarily responsible for:

- ensuring that the financial performance of the Group is properly monitored and reported on;
- reviewing and monitoring the independence of the external auditor and the effectiveness of the audit process;
- meeting with the auditors and reviewing reports from the auditors relating to the Group's accounting and internal controls;
- reviewing the effectiveness of the Group's systems of internal control;
- agreeing the terms of appointment and remuneration of the auditors.

The Audit Committee monitors the nature and extent of non-audit work performed by the external auditor to ensure the maintenance of objectivity and value for money and also considers the potential impact, if any, of this work on the auditor's independence.

Following adoption in February 2009 of a whistleblowing policy, the Company has implemented 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 procedures allow employees to raise their concerns with line management or, if this is inappropriate, to raise them on a confidential basis. An externally facilitated confidential telephone mailbox and confidential e-mail facility are provided to protect the identity of employees in these circumstances. Any concerns will be investigated in a confidential manner by the HR Director and/or the Company Secretary and, after a decision has been made as to what (if any) further steps should be taken, feedback will be given to the person making the complaint. An official written record will be kept of each stage of the procedure. This policy and related procedures are monitored by the Audit Committee.

CORPORATE GOVERNANCE

continued

Nomination Committee

The Nomination Committee is chaired by the Chairman, Richard Rose, and comprises two other Non-Executive Directors, Lord Bilimoria and Andrew Cripps. It has defined terms of reference, which are published on the Company's website. Charles Wilson, Chief Executive, attends by invitation. The Nomination 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.

During the year, in accordance with the plans for the orderly succession for appointments to the Board, the Nomination Committee recommended the appointment of two Executive Directors, Bryan Drew and Bryn Satherley and a Non-Executive Director, Karen Jones. Since the year end, the Nomination Committee also recommended the appointment of Richard Farr as a Non-Executive Director. In respect of each appointment, the candidates were interviewed by committee members and other Directors before recommending their appointment.

Remuneration Committee

Chaired by Lord Bilimoria, the Senior Independent Non-Executive Director, the Remuneration Committee comprised during the year one other Non-Executive Director, Andrew Cripps. Since the year end and following his appointment as a Non-Executive Director on 27 May 2009, Richard Farr has also joined the Remuneration Committee. The Remuneration Committee has defined terms of reference, which are published on the Company's website. Charles Wilson, Chief Executive, attends by invitation.

The Remuneration Committee is responsible for setting the remuneration and other terms of employment of the Company's executive officers and management and determining and reviewing any share incentive plans.

The Remuneration Report, which includes details of the Remuneration Committee's role, Director's remuneration and pension entitlements, together with information on service contracts is set out on pages 17 to 20. Details of Directors' interests in the Ordinary Shares of the Company are shown in the Director's Report on page 22.

Executive Committee

The Executive Committee is chaired by Charles Wilson, Chief Executive and comprises Jonathan Prentis, Group Finance Director, Bryan Drew, Commercial Director, Bryn Satherley, Operations Director and other senior members of the management team representing the operational businesses within the Group. It meets once a month to discuss operational matters, compliance, health and safety and trading performance.

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. Biographical details of all Directors are included on page 10.

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

Relations with shareholders

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 Directors also have regular contact with analysts and brokers. The Senior Independent Non-Executive Director and other Non-Executive Directors (including the Chairman) 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. No 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 Company maintains a website at www.booker.co.uk which is regularly updated and contains information about the Company.

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.

The Chairs of the Audit, Remuneration and Nomination Committees are available to answer questions at the Annual General Meeting (and all Directors are expected to attend 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 Company's website following the meeting. A separate resolution will be proposed at the Annual General Meeting in respect of each

substantially separate issue. The Chairmen of the Audit, Remuneration and Nomination Committees will deal with matters relating to those committees.

Directors' conflicts of interest

Following the changes made to the Company's Articles of Association at the Annual General Meeting in 2008 and the subsequent introduction of section 175 of the Companies Act 2006 on 1 October 2008 which allows the Directors to authorise potential and actual conflicts of interest, formal procedures for the notification and authorisation of such conflicts 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.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and aims to provide reasonable and not absolute assurance against material misstatement and loss. In order to discharge that responsibility in a manner that ensures compliance with laws and regulations and promotes effective and efficient operations, the Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee 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 27 March 2009. 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 Company. 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. Each member of the Executive Committee has responsibility for specific aspects of the Group's affairs. In addition, 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.

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.

CORPORATE GOVERNANCE

continued

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.

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 Company'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.

This report was approved by the Board of Directors on 27 May 2009.

Mark Chilton
Company Secretary

REMUNERATION REPORT

This section of the Annual Report and Accounts describes the role and composition of the Remuneration Committee established by the Board (the 'Committee'), the Company's remuneration policy and the arrangements currently in place for remuneration of both Executive and Non-Executive Directors.

The Remuneration Committee

Membership

The Committee during the year comprised Lord Bilimoria (Chairman) and Andrew Cripps, both of whom are considered by the Board to be independent Non-Executive Directors. Charles Wilson, Chief Executive, attends committee meetings by invitation. Details of attendance at committee meetings are set out on page 12. Since the year end and following his appointment as a Non-Executive Director on 27 May 2009, Richard Farr has joined the Remuneration Committee.

Role of the Committee

The Committee advises the Board and makes recommendations to it about all elements of the remuneration packages of the Executive Directors and certain senior executives of the Company, including remuneration, incentives and other benefits. It also recommends the terms of service contracts with Executive Directors and any compensation arrangements resulting from the termination by the Company of an Executive Director's service contract. The Committee also makes recommendations concerning the grant of shares and share options.

The Committee's responsibilities are set out in its terms of reference, which are published on the Company's website.

In determining remuneration, the Committee consults where appropriate with the Chief Executive about its proposals. No Director or senior executive participates in discussions about his own remuneration. No external consultants were engaged in relation to the design of remuneration packages during the year, save for PricewaterhouseCoopers LLP in relation to the design of the PSP & SAYE (both as defined below). When setting its remuneration policy, the Committee gives due consideration to the provisions and principles of the Code.

Remuneration policy

The Company wishes to attract, retain and motivate senior management of the requisite quality. Accordingly, its policy, in a competitive market, is to design remuneration packages which, through an appropriate combination of basic salary and bonus, reward senior management fairly for their individual contribution. The Committee's overall policy is to provide competitive and potentially rewarding remuneration packages.

The Committee, having reviewed the equity incentives it had in place, established in July 2008 a savings-related share option scheme (the 'SAYE'), as approved by HM Revenue & Customs, which was extended to all employees within the Group, and a Performance Share Plan (the 'PSP') also in July 2008, which was extended on a discretionary basis to certain employees only. Certain information relating to the SAYE and PSP were 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. Under the PSP, employees selected to participate are entitled to acquire Ordinary Shares for no payment at the end of a vesting period (which will normally be 2 to 3 years). The Company has made awards under the PSP in relation to a total of 36 million new Ordinary Shares. Vesting is subject to continued employment and the requirement that the Company's share price be equal to or exceed certain share price targets for 60 consecutive days ending on or before the relevant vesting date. In certain circumstances, however, a proportion of awards may vest early. Details of awards made to the Executive Directors under these plans are set out later in this report. Options under the SAYE are exercisable three years from the commencement of the relevant savings contract and not more than six months thereafter.

Executive Directors' remuneration

The remuneration package of the Executive Directors includes the following elements:

- **Basic salary**
Salaries are normally reviewed annually and any changes are effective from 1 April. No changes were made to salaries effective from 1 April 2009. Details of the Directors' remuneration are set out on page 19.
- **Bonus**
Payments under the annual scheme are based upon the achievement of budgeted profit targets for the Group. Jonathan Prentis, Bryan Drew and Bryn Satherley have each been awarded a bonus of approximately 35 per cent of their annual salary.
- **Share incentives**
The Executive Directors are entitled to participate in the PSP and the SAYE.
- **Pensions**
All Executive Directors are entitled to a pension contribution at the rate of 15% of pensionable pay to be paid into their own personal pension arrangement or the Group personal pension plan, open to all of its permanent employees. Pensionable pay is set at basic salary. Details of pension contributions in relation to the Executive Directors are set out in the table on page 19.
- **Other benefits**
Benefits for Executive Directors principally comprise critical illness cover and permanent health cover. All Executive Directors are also entitled to a car (or car allowance), life cover of four times basic salary and private medical insurance for themselves and their families.

REMUNERATION REPORT

continued

External appointments

Executive Directors are not permitted to hold external directorships or offices of other fully listed or AIM listed companies and, accordingly, no Executive Director serves as a Non-Executive Director of any other company.

Non-Executive Directors' letters of appointment

The Non-Executive Directors are paid a fixed fee and have letters of appointment for an initial period of 3 years subject to termination on one month's notice by the relevant Director or the Company. These appointments are also subject to the Articles of Association of the Company. These letters are available for inspection at the Company's registered office during business hours and at the Annual General Meeting.

The fees for the Non-Executive Directors are determined by the Board and reviewed from time to time having regard to the level of fees paid to Non-Executive Directors of comparator companies and reflect the individual commitments of the Non-Executive Directors to the Board and to the Board's committees. The Non-Executive Directors are not involved in any discussions or decisions about their own remuneration.

Other than Richard Rose, who has share options in the Company that were awarded prior to the reverse acquisition in 2007, 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.

Executive Directors' service contracts

The Board's policy is that service contracts of Executive Directors should provide for termination by the Company on twelve months' notice. The service contracts of each of the current Executive Directors provide for such a period of notice. None of the contracts provides for specific contractual termination payments other than payment in lieu of notice.

The Company's policy on the termination of contracts of service of senior executives is dictated by the events, bearing in mind the circumstances of termination and the interests of the Company. These service contracts are available for inspection at the Company's registered office during business hours and at the Annual General Meeting.

Sums paid to third parties

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

Terms of appointment

At each Annual General Meeting, in accordance with the Company's Articles of Association, one third (or if their number is not a multiple of three, the number nearest to, but not exceeding, one third) of Directors, excluding those Directors appointed since the last Annual General Meeting, are required to retire and may stand for re-election. In addition, all Directors appointed during the year must retire at the Annual General Meeting and may offer themselves for re-appointment. Bryan Drew, Bryn Satherley, Karen Jones and Richard Farr, having been appointed during the year, will each therefore retire at the Annual General Meeting and offer themselves for re-appointment. Charles Wilson will retire by rotation at the Annual General Meeting, and being eligible, will offer himself for re-election.

Directors' emoluments

The figures below represent the Directors' remuneration earned for:

- 2008: As directors of Giant Topco Limited up to 3 June 2007 and as directors of Booker Group plc from 4 June 2007 or from date of appointment
- 2009: As directors of Booker Group plc from 29 March 2008 or from date of appointment.

	Basic		Annual Bonus		Benefits in Kind		Other		Total before pension contributions		Pension Contributions	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Executive												
Charles Wilson	510	505	-	-	-	-	-	-	510	505	76	76
Jonathan Prentis	206	204	72	72	21	14	-	-	299	290	30	28
Bryan Drew ¹	76	-	27	-	4	-	-	-	107	-	10	-
Bryn Satherley ¹	76	-	27	-	6	-	-	-	109	-	10	-
Non-Executive												
Richard Rose	77	63	-	-	-	-	-	-	77	63	-	-
Lord Bilimoria	36	12	-	-	-	-	-	-	36	12	-	-
Andrew Cripps	36	12	-	-	-	-	-	-	36	12	-	-
Kevin Lyon ^{3,4}	36	35	-	-	-	-	-	150	36	185	-	-
Karen Jones ⁵	3	-	-	-	-	-	-	-	3	-	-	-
Hans Kristian Hustad ^{2,6,7}	9	75	-	-	-	-	-	125	9	200	-	-
Jim McMahon ⁷	9	30	-	-	-	-	-	-	9	30	-	-
Gunnar Sigurdsson ⁸	-	-	-	-	-	-	-	-	-	-	-	-
	1,074	936	126	72	31	14	-	275	1,231	1,297	126	104

¹ Appointed to the Board on 12 November 2008

² "Other" represents compensation for loss of employment as an Executive Director in connection with the reverse acquisition

³ "Other" represents additional fees paid in connection with the reverse acquisition

⁴ Resigned from the Board on 27 May 2009

⁵ Appointed to the Board on 4 March 2009

⁶ "Other" represents compensation for loss of office on resignation of Chairmanship of Giant Topco Limited. Mr Hustad resigned from the Board of Giant Topco Limited on 3 June 2007

⁷ Resigned from the Board on 9 July 2008

⁸ Resigned from the Board of Giant Topco Limited on 4 June 2007

On 28 October 2005, Booker agreed to pay a joining fee to Charles Wilson, part of which was his entitlement to receive £443,262.50 on 1 April 2008, provided he was an employee and a director of Booker or one of its associated companies at that date. This figure is not included in the above analysis.

REMUNERATION REPORT

continued

With effect from 28 March 2009, the Directors' basic salaries and fees in relation to the Company will remain as follows:

	£000
Executive	
Charles Wilson	510
Jonathan Prentis	206
Bryan Drew	206
Bryn Satherley	206
Non-Executive	
Richard Rose	77
Lord Bilimoria	36
Andrew Cripps	36
Karen Jones	36
Kevin Lyon *	36

* Kevin Lyon resigned from the Board on 27 May 2009.

Richard Farr was appointed to the Board as a Non-Executive Director on 27 May 2009 and will receive fees at the rate of £36,000 per annum.

Directors' options

As at 27 March 2009, Richard Rose held options over 1.8 million Ordinary Shares of the Company. The options, which vested on 4 June 2007, the date of the reverse acquisition of Blueheath Holdings plc, are exercisable before 7 February 2017 at an option price of 5 pence per share.

On 3 July 2008, Jonathan Prentis was awarded options in respect of 50,321 Ordinary Shares pursuant to the SAYE. These options will vest on 1 September 2011 and will lapse on 1 March 2012 at an option price of 18.68 pence per share.

In addition, on 3 July 2008, the following Directors were awarded the following options relating to Ordinary Shares of the Company through participation in the PSP:

Name	Date of Grant	Option Exercise Price (£)	Date from which Option Exercisable	Number of Shares	Expiry Date
Charles Wilson	3 July 2008	Nil	3 July 2010	1,400,000	3 July 2018
Jonathan Prentis	3 July 2008	Nil	3 July 2010	1,400,000	3 July 2018
Bryn Satherley	3 July 2008	Nil	3 July 2010	1,400,000	3 July 2018
Bryan Drew	3 July 2008	Nil	3 July 2010	1,400,000	3 July 2018

A quarter of the Ordinary Shares subject to each award will vest on reaching share prices of 28.75p, 30.5p, 34.5p and 46p over a consecutive 60 day period.

Directors' Share Interests

The beneficial interests in the Ordinary shares of the Company of Directors who held office at the end of the financial year are set out in the Directors' Report.

This report was approved by the Board of Directors on 27 May 2009.

Lord Bilimoria CBE, DL
Chairman of the Remuneration Committee

DIRECTORS' REPORT

The Directors present their report and audited accounts for the 52 week period ending 27 March 2009.

Business review

Information on the Group's principal activities, its performance during the year and its prospects for future development is contained in the Chairman's Statement, the Chief Executive's Review and Group Finance Director's Report.

Risk factors

It is the Directors' intention that the Company seeks admission to listing on the Official List and to trading on the London Stock Exchange plc's main market for listed securities. Within the prospectus to be published in due course in connection with the proposed move to the Official List will be scheduled the following risk factors; risks relating to competition, risks relating to the industry and risks relating to the Group and its business.

The Directors consider the following risks to be those known to the Directors at the date of this Directors' Report which Directors consider to be material, but these do not necessarily comprise all risks to which the Group is exposed and are not set out in any order of priority. 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.

Risks relating to the industry

- Tobacco regulation
- Alcohol regulation
- Environmental legislation
- UK and European regulations
- The Group's performance could be adversely affected by poor economic conditions
- Trade insurers
- Decline in the number of independent retailers and licensed premises
- Changes in duty and VAT
- Health concerns and pandemics

Risks relating to a competitive market

- Increased competition from the grocery multiples
- Growth of large UK food multiples and discounters
- Pricing and promotional activities by competitors
- Threat of new entrants

Risks relating to the Group and its business

- Dependence on key customers
- Dependence on relations with third party suppliers
- Management controls and reporting procedures
- Consumer trends
- IT systems errors, internet reliance and malfunctions
- Dependence on key executives and personnel
- Mergers and acquisitions
- Future prospects and the need to raise capital in the future
- Financing costs and interest rate hedging
- The Group may be subject to increases in operating and other expenses
- Foreign exchange
- Pensions
- Litigation
- The Group is exposed to the risk of bank counterparty default
- Product liability claims
- Any events that negatively impact the reputation of, or value associated with, the Group's brands could adversely affect the Group's business
- Property lease liabilities

The Board will endeavour to mitigate these and any other risks in the future.

DIRECTORS' REPORT

continued

Key performance indicators

The principal KPI's used to monitor the financial performance of the business are gross profit margin, earnings before interest, tax and amortisation relative to plan, stock and cash balances relative to plan and levels of net debt. Other key non-financial measures are customer satisfaction and health and safety.

Results and dividends

The Group recorded a profit for the period of £39.2m (2008: £29.8m) as shown in the Consolidated Income Statement.

The Directors have recommended a final dividend of 0.67 pence per Ordinary Share. If approved by shareholders at the Annual General Meeting, this final dividend will be payable on 10 July 2009 to shareholders on the register of members at the close of business 12 June 2009. An interim dividend 0.2 pence per share was paid on 28 November 2008.

Directors

The names of those persons serving as Directors of the Company during the year are set out below. Biographical details of persons serving as Directors as at the date of this report are set out in Board of Directors.

From 29 March 2008 the Directors of Booker Group plc were as follows:

Charles Wilson	(held office throughout the period)
Jonathan Prentis	(held office throughout the period)
Richard Rose	(held office throughout the period)
Lord Bilimoria	(held office throughout the period)
Andrew Cripps	(held office throughout the period)
Kevin Lyon	(held office throughout the period)
Hans Kristian Hustad	(resigned 9 July 2008)
Jim McMahon	(resigned 9 July 2008)
Bryan Drew	(appointed 12 November 2008)
Bryn Satherley	(appointed 12 November 2008)
Karen Jones	(appointed 4 March 2009)

On 27 May 2009, Kevin Lyon resigned from the Board and Richard Farr was appointed to the Board.

In accordance with the Company's Articles of Association, Bryan Drew, Bryn Satherley, Karen Jones and Richard Farr, having been appointed since the last Annual General Meeting will offer themselves for re-appointment. Charles Wilson will retire by rotation at the Annual General Meeting, and being eligible, will offer himself for re-election.

The Company maintains appropriate Directors' and Officers' Liability Insurance in respect of itself and its Directors.

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.

The interests of the Directors in the Ordinary Shares of the Company were as follows:

	Ordinary Shares in Booker Group plc 27 March 2009
Charles Wilson	123,241,986
Jonathan Prentis	22,863,486
Bryan Drew	22,863,486
Bryn Satherley	22,863,486
Lord Bilimoria	200,000
Andrew Cripps	200,000
Karen Jones	50,000
Kevin Lyon	200,000

Substantial interests

The Company is aware or has been notified of the following shareholdings of 3% or more of the total voting rights attaching to its issued share capital as at 27 May 2009:

	%
Sinjul Nominees Limited (acting as a nominee for a member of the Kaupthing Group)	22.00
Artemis Investment Management	14.92
Morley Fund Investment	10.09
Charles Wilson	8.30
Lansdowne Partners	7.68
Cazenove Capital Management	3.60
F&C Asset Management	3.12
Schroder Investment Management	3.01

Footnote: Booker employees (excluding Charles Wilson) hold 14% of the Ordinary Shares of the Company which shares are subject to a lock-in agreement, expiring on 1 June 2009.

Articles of Association

As a result of the Company's proposed delisting of its shares from trading on AIM and admission of its shares to the Official List of the Financial Services Authority and to trading on the main market of the London Stock Exchange, it is proposed that the Company should amend its Articles of Association at the Annual General Meeting to remove any references to the AIM rules so that such rules do not act as any restriction on the powers granted under the Articles of Association. Details of such proposed amendment are contained in the Notice of Annual General Meeting which separately accompanies this document.

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. This is achieved through the use of business briefings, newsletters and other less formal communications.

The promotion of equal opportunities for all employees, including disabled persons, is regarded as an important 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.

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.

DIRECTORS' REPORT

continued

Share capital

As at the date of this Directors' Report, the Company's share capital consisted of 1,488,679,080 issued and fully paid Ordinary Shares with a nominal value of 1 pence per share, listed on AIM. A total of 280,000 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. Further details of the Company's authorised and issued share capital are set out in note 21 to the Financial Statements.

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 at a general meeting of the Company. 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 27 March 2009 are set out in note 24 to the Financial Statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at 11:00am on Wednesday 8 July 2009 at Booker branch St Pancras, 106 Camley Street, Elm Village, Camden, London NW1 0PF.

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.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group have 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.

Political and charitable contributions

The Group made no political contributions or charitable donations during the period, nor has it incurred any other political expenditure, either in the UK or overseas. Staff and Directors have raised £52,217 for the British Heart Foundation, Caravan and Sweet Charity. In addition donations totalling £62,000 have been made to charities through a 'Give as you Earn' scheme.

Disclosure of information to auditors

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 auditors are unaware and each Director 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 auditors are aware of that information.

Auditors

The Company's auditors, KPMG Audit plc, have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting for their reappointment as auditors to the Company.

This report was approved by the Board of Directors on 27 May 2009.

Mark Chilton
Company Secretary

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 27 March 2009

	Note	52 weeks ended 27 March 2009 £m	52 weeks ended 28 March 2008 £m
Revenue		3,179.2	3,078.2
Cost of sales		(3,077.0)	(2,987.1)
Gross profit		102.2	91.1
Administrative expenses		(44.4)	(45.0)
Operating profit		57.8	46.1
Finance income	6	7.3	3.8
Finance expenses	6	(17.9)	(13.7)
Net financing costs	6	(10.6)	(9.9)
Profit before tax	4	47.2	36.2
Tax	7	(8.0)	(6.4)
Profit for the period attributable to equity holders of the company		39.2	29.8
Earnings per share (Pence)			
Basic	8	2.63p	2.04p
Diluted	8	2.63p	2.03p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the 52 weeks ended 27 March 2009

	Note	52 weeks ended 27 March 2009 £m	52 weeks ended 28 March 2008 £m
Actuarial (loss)/gain on defined benefit plans	19	(24.9)	23.8
Tax recognised on income and expenses recognised directly in equity	7	8.3	(6.6)
Effective portion of changes in the fair value of interest rate hedge		(4.5)	(2.9)
Net (expense)/income recognised directly in equity		(21.1)	14.3
Profit for the period		39.2	29.8
Total recognised income and expense for the period		18.1	44.1

CONSOLIDATED BALANCE SHEET

As at 27 March 2009

	Note	27 March 2009 £m	28 March 2008 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	58.2	60.2
Intangible assets	10	423.9	423.9
Retirement benefit assets	19	–	9.8
Deferred tax asset	12	12.3	5.6
		494.4	499.5
Current assets			
Inventories	13	196.8	184.7
Trade and other receivables	14	63.6	54.3
Cash and cash equivalents		20.4	41.0
		280.8	280.0
Total assets		775.2	779.5
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	16	(0.2)	(0.3)
Trade and other payables	15	(364.8)	(347.9)
Current tax		(20.5)	(16.5)
Other financial liabilities	17	(11.6)	(2.0)
		(397.1)	(366.7)
Non-current liabilities			
Interest bearing loans and borrowings	16	(45.1)	(87.9)
Other payables	15	(28.2)	(27.9)
Retirement benefit liabilities	19	(2.0)	–
Provisions	20	(39.7)	(42.4)
		(115.0)	(158.2)
Total liabilities		(512.1)	(524.9)
Net assets		263.1	254.6
EQUITY			
Share capital	21	14.9	14.9
Share premium account	22	30.8	30.8
Merger reserve	22	260.8	260.8
Share option reserve	22	1.6	0.2
Hedge reserve	22	(4.0)	(1.6)
Retained earnings	22	(41.0)	(50.5)
Total equity attributable to equity holders		263.1	254.6

These financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Charles Wilson
Director

Jonathan Prentis
Director

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 27 March 2009

	52 weeks ended 27 March 2009 £m	52 weeks ended 28 March 2008 £m
Cash flows from operating activities		
Profit before tax	47.2	36.2
Depreciation	14.7	16.2
Finance income	(7.3)	(3.8)
Finance expenses	17.9	13.7
Profit on disposal of property, plant and equipment	(0.2)	–
Equity settled share based payments	1.4	–
Increase in inventories	(12.1)	(4.4)
(Increase)/decrease in debtors	(9.3)	15.2
Increase in creditors	18.7	1.1
Decrease in provisions	(5.4)	(2.7)
Contributions to pension scheme	(11.0)	(9.7)
Net cash flow from operating activities	54.6	61.8
Interest paid	(8.7)	(9.2)
Tax paid	(2.4)	–
Cash generated from operating activities	43.5	52.6
Cash flows from investing activities		
Acquisition of property, plant and equipment	(13.9)	(11.0)
Sale of property, plant and equipment	1.4	0.4
Acquisition of subsidiary	–	(11.0)
Interest received	0.4	–
Net cash outflow from investing activities	(12.1)	(21.6)
Cash flows from financing activities		
Payment of finance lease liabilities	(0.9)	(0.6)
Repayment of borrowings	(36.1)	(0.4)
Facility arrangement fees	(4.0)	–
Dividends	(11.0)	–
Net cash outflow from financing activities	(52.0)	(1.0)
Net (decrease) /increase in cash and cash equivalents	(20.6)	30.0
Cash and cash equivalents at the start of the period	41.0	11.0
Cash and cash equivalents at the end of the period	20.4	41.0
Cash and cash equivalents consist of:		
Cash and cash equivalents	20.4	41.0
Bank overdrafts	–	–
	20.4	41.0

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General information

Overview

Booker Group plc is a company incorporated in the United Kingdom under the Companies Act 1985 (Registration number 05145685). The address of the registered office 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

The group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU, International Financial Reporting Interpretations Committee interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The company has elected to prepare its parent company financial accounts in accordance with UK Generally Accepted Accounting Practice ('UK GAAP'); these are presented on pages 50 to 54.

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.

Recent accounting developments

IFRS 8 'Operating Segments' has been endorsed by the EU and is effective for accounting periods on or after 1 January 2009. IFRS 8 introduces the 'management approach' to segment reporting. IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. It is not expected to have a significant impact on the Group.

Amendment to IAS 23, 'Borrowing Costs' (mandatory for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. It is not expected to have any impact on the Group.

IFRIC 13 'Customer Loyalty Programmes' (mandatory for annual periods beginning on or after 1 January 2009) addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. It is not expected to have a significant impact on the Group.

IFRIC 14 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' has been endorsed by the EU. It is effective for accounting periods beginning on or after 1 January 2009. This is not expected to have an impact on the Group's accounts as the Group has an unconditional right to any surplus that arises in the Scheme.

Amendments to IAS 1, 'Presentation of Financial Statements' (mandatory for periods beginning on or after 1 January 2009) requires the Group to present both a Statement of Changes in Equity and a Statement of Recognised Income and Expense as primary statements. The amendment would also require two comparative balance sheets in the event of a prior period adjustment. The amendment to IAS 1 will impact the type and amount of disclosures made in these financial statements, but will have no impact on the reported profits or financial position of the Group.

Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest hundred thousand. They are prepared on the historical cost basis except that financial instruments and retirement benefit assets and liabilities are stated at their fair value. The financial statements for the current and prior period have been prepared for a 52 week period to reflect internal management reporting.

The financial statements for the 52 weeks ended 28 March 2008 disclosed on the face of the consolidated income statement a separate line item showing the IAS17 non cash adjustment included in cost of sales of £1.4m. This year the non cash element of IAS17 has not been separately disclosed as the Directors believe the presentation now adopted gives a more appropriate analysis of the results. The comparatives have been amended although there is no impact on total reported cost of sales or gross profit for the comparative period.

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.

Going concern

The Directors consider that the risks noted in the Directors' Report are those known to the Directors at the date of such report which the Directors consider to be material 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.

During the period, the Group refinanced its banking arrangements and extended the facilities until June 2012. 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 current facility.

After making enquiries, the Directors have a reasonable expectation that the Group have 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 and the Audit Committee 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.
- IAS 37 '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. 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.
- IAS 36 '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 27 March 2009, 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

2. Accounting policies

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

Borrowing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Borrowing costs also include a discount on the buyback of debt.

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 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.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to 1 April 2006. In respect of acquisitions prior to 1 April 2006, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

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 shares issued.

As a consequence of applying reverse acquisition accounting, the results of the Group at 28 March 2008 comprise the results of Giant Topco Limited for the 52 weeks ended 28 March 2008 and those of Blueheath Holdings plc from 4 June 2007.

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.

Classification of financial instruments issued by the Group

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.

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 into equity through the statement of recognised income and expense.

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

The Group uses financial instruments to hedge its exposure to interest rate risks arising from financing activities and they are stated at fair value. The fair value is the estimated amount the Group would receive or pay to terminate these instruments at the balance sheet date, taking into account current interest rates and the current creditworthiness of the instruments' counterparties. Changes in the fair value, that are designated and effective as hedges of the future volatility of interest expense, are recognised directly in equity. The ineffective portion is recognised in the income statement.

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Guarantees

Third party property guarantees are recognised as a financial liability under IAS 39 "Financial Instruments: Recognition and Measurement". 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.

Interest bearing borrowings

Interest bearing borrowings are recognised in the balance sheet at amortised cost. Costs associated with extending the bank facility are recognised in the income statement over the life of the facility. Unamortised fees outstanding in relation to the replaced lender have been written off, whilst those relating to the remaining lender have been rolled forward and will be amortised over the extended facility. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

2. Accounting policies continued

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.

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' branch 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 5-25 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 risk-free rate.

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 provided in the normal course of business net of discounts 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. 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 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.

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 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 liabilities and deferred tax assets are only recognised to the extent that, following an assessment of the quantum and timing of future taxable profits, it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

3. Segmental reporting

The Group has one business segment being wholesaling and associated activities. The Group operates in one geographical segment, the United Kingdom.

4. Profit before tax

This is stated after charging/(crediting):	2009 £m	2008 £m
Operating lease rentals – land and buildings	40.1	39.9
Operating lease rentals – plant and machinery	6.8	5.9
Depreciation of property, plant and equipment	14.7	16.2
Profit on disposal of property, plant and equipment	(0.2)	–
(Write-back)/ impairment to net realisable value of inventories	(1.2)	0.3
During the period the Group incurred the following costs for services provided by the Company's auditors:		
Audit of these financial statements	0.1	0.1
Audit of financial statements of subsidiaries pursuant to legislation	0.2	0.2
Other services relating to taxation	0.1	0.2
	0.4	0.5

In addition to the above, £nil (2008: £0.3m) was paid to the auditors relating to corporate finance transactions in respect of the reverse acquisition of Blueheath Holdings plc and this has been capitalised.

5. Staff numbers and costs

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

	2009 Number	2008 Number
Branch and distribution	7,750	7,779
Administration	590	634
	8,340	8,413

The aggregate payroll costs of these persons were as follows:

	£m	£m
Wages and salaries	129.3	125.2
Social security costs	11.6	11.0
Equity settled share based payments	1.4	–
Other pension costs	3.1	3.0
	145.4	139.2

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

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6. Finance income and expense

	2009 £m	2008 £m
Expected return on pension scheme assets	(32.3)	(35.8)
Interest on pension liabilities	31.5	32.2
Transfer from legacy pension scheme	(1.3)	–
	(2.1)	(3.6)
Interest receivable and similar income	(0.4)	–
Net gain on re-measurement of interest rate swap to fair value	–	(0.2)
Discount on debt buyback	(4.8)	–
Finance income	(7.3)	(3.8)
Interest on bank loans and overdrafts	7.2	9.4
Net loss on re-measurement of interest rate swap to fair value	5.1	–
Other interest payable	–	0.1
Unwinding of discount on provisions	2.7	2.5
Amortisation of financing costs	2.9	1.7
Finance expense	17.9	13.7
Net financing costs	10.6	9.9

7. Tax

i) Recognised in the income statement

	2009 £m	2008 £m
Arising in respect of current period		
Current tax	10.4	–
Deferred tax	1.6	6.0
	12.0	6.0
Arising in respect of prior periods		
(Over)/understatement of prior period	(4.0)	5.2
Benefit of recognition of deferred tax asset	–	(4.8)
	(4.0)	0.4
Total tax charge	8.0	6.4

UK corporation tax is calculated at 28% (2008: 30%) 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:

	2009 £m	2008 £m
Profit before tax	47.2	36.2
Tax using the current UK corporation tax rate of 28% (2008: 30%)	13.2	10.9
Non deductible expenses	1.4	1.0
Reversal of previously unrecognised temporary differences	(2.6)	(5.9)
Recognition of deferred tax on prior period temporary differences	–	(4.8)
Tax in respect of former overseas businesses	(4.0)	5.2
Total tax charge	8.0	6.4
Effective tax rate	16.9%	17.7%

iii) Tax recognised directly in equity

	2009 £m	2008 £m
Deferred tax credit/(charge) on:		
Retirement benefit obligations	7.0	(7.1)
Interest rate hedge	1.3	0.5
	8.3	(6.6)

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.

Group	2009			2008		
	Earnings £m	Weighted average shares Number	Earnings per share Pence	Earnings £m	Weighted average shares Number	Earnings per share Pence
Basic EPS	39.2	1,488.4	2.63	29.8	1,462.8	2.04
Share options	–	4.2	–	–	4.7	(0.01)
Diluted EPS	39.2	1,492.6	2.63	29.8	1,467.5	2.03

No shares in relation to the Performance Share Plan have been included in the diluted EPS as no share price targets have been met at 27 March 2009. 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.

To enable a meaningful comparison, the weighted average number of shares for the prior period have been based on the 1,344,910,958 new shares issued on 4 June 2007. The 143,488,122 of Blueheath Holdings plc shares in issue just prior to the reverse acquisition are deemed to have been issued on 3 June 2007 and have been used to calculate the weighted average number of shares for the period to 28 March 2008.

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9. Property, plant & equipment

	Freehold £m	Long Leasehold £m	Short Leasehold £m	Plant & Equipment £m	Motor Vehicles £m	Total £m
Cost						
At 30 March 2007	0.6	3.5	35.7	200.2	15.7	255.7
Additions	–	1.4	–	9.6	–	11.0
Disposals	–	–	–	(0.7)	(6.5)	(7.2)
Reclassifications	–	0.4	–	(0.4)	–	–
Acquisition of business	–	–	0.4	2.1	1.0	3.5
At 28 March 2008	0.6	5.3	36.1	210.8	10.2	263.0
Additions	–	4.3	–	9.6	–	13.9
Disposals	(0.3)	–	(0.1)	(2.4)	(3.6)	(6.4)
Reclassifications	–	0.8	–	(0.8)	–	–
At 27 March 2009	0.3	10.4	36.0	217.2	6.6	270.5
Depreciation						
At 30 March 2007	–	0.4	20.0	156.3	13.9	190.6
Provided during the period	–	0.2	1.5	13.7	0.8	16.2
Disposals	–	–	–	(0.7)	(6.1)	(6.8)
Acquisition of business	–	–	0.4	1.9	0.5	2.8
At 28 March 2008	–	0.6	21.9	171.2	9.1	202.8
Provided during the period	–	0.4	1.5	12.4	0.4	14.7
Disposals	–	–	(0.1)	(1.5)	(3.6)	(5.2)
At 27 March 2009	–	1.0	23.3	182.1	5.9	212.3
Net book value						
At 27 March 2009	0.3	9.4	12.7	35.1	0.7	58.2
At 28 March 2008	0.6	4.7	14.2	39.6	1.1	60.2
At 30 March 2007	0.6	3.1	15.7	43.9	1.8	65.1

The cost of freehold properties includes land of £0.3m (2008: £0.6m) on which depreciation is not provided.

The net book value of plant and equipment includes £0.2m (2008: £1.1m) in respect of assets held under finance leases.

On 4 June 2007, Giant Topco Limited completed the reverse acquisition of Blueheath Holdings plc in a share-for-share transaction. Purchase consideration of £0.7m was allocated to the property, plant & equipment acquired, split between plant & equipment (£0.2m) and motor vehicles (£0.5m). Capitalised short leasehold improvements were also acquired at their fair value of £nil.

10. Intangible assets

	Goodwill £m
Cost and net book value	
At 30 March 2007	410.1
Addition	13.8
At 28 March 2008 and 27 March 2009	423.9

The Group is required to test its goodwill 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.

Goodwill arose in the Group following the acquisitions of the Big Food Group Limited by Giant Topco Limited in 2005 and the reverse acquisition of Blueheath Holdings plc in 2007. The Directors believe that only one cash generating unit ('CGU') now exists within the Group as all aspects of its operations are interdependent on each other. The operations of Blueheath are now fully integrated with those of the cash and carry business.

The recoverable amount of the CGU is considered to be its value in use, calculated by reference to the Group's pre tax cash flow projections based on the Group's approved budget for 2010 and plan for 2011. Cash flows beyond this period are extrapolated into perpetuity using an estimated growth rate of 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 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 future plans for the business and expectations of the market. The level of sales depends upon the size of the markets in which the Group operate together with the Directors' estimations of its market share and competitive pressures. Gross margin considers 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.

A pre tax discount rate of 13.5% has been applied to the projected cash flows. The discount rate reflects the market assumptions for the risk free rate and equity risk premium and also takes into account the cost of debt.

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions. An increase in the pre tax discount rate of up to 1.8% (with all other assumptions held constant) or a growth rate of nil% (with all other assumptions held constant) does not identify that an impairment is required.

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

11. Prior period acquisition of subsidiary

On 4 June 2007, Giant Topco Limited completed the reverse acquisition of Blueheath Holdings plc in a share-for-share transaction. The consideration was £20.6m, reflecting the fair value of the acquired business having a market value of 9.75p at the date of acquisition and transaction costs of £6.6m. The net assets of Blueheath Holdings plc, the legal parent, were £6.8m, giving rise to goodwill of £13.8m.

There were no adjustments recorded to the net assets reported in the prior year.

12. Deferred tax assets and liabilities

Recognised deferred tax assets/(liabilities)

The following are the major deferred tax assets/(liabilities) recognised by the Group:

	Decelerated tax depreciation £m	Retirement benefit obligations IAS 19 £m	Property leases IAS17 £m	Financial instruments IAS 39 £m	Share based payments IFRS2 £m	Total £m
At 30 March 2007	–	10.8	2.6	–	–	13.4
Credit/(charge) to the income statement	4.8	(6.4)	0.4	–	–	(1.2)
Credit/(charge) to equity	–	(7.1)	–	0.5	–	(6.6)
At 28 March 2008	4.8	(2.7)	3.0	0.5	–	5.6
Credit/(charge) to the income statement	–	(3.7)	0.3	1.4	0.4	(1.6)
Credit to equity	–	7.0	–	1.3	–	8.3
At 27 March 2009	4.8	0.6	3.3	3.2	0.4	12.3

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

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12. Deferred tax assets and liabilities continued

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:

	2009 £m	2008 £m
Property, plant and equipment	5.6	6.5
Tax losses	13.2	13.5
Surplus ACT carried forward	30.0	30.0
	48.8	50.0

The amounts of unrecognised deferred tax assets disclosed in the above table represent net amounts. At the balance sheet date the Group had surplus unclaimed capital allowances of £37m (2008: £40m) of which £20m (2008: £23m) are not recognised. The Group also has unutilised tax trading losses of £35m (2008: £35m), unutilised non trading losses of £12m (2008: £12m) and surplus ACT of £30m (2008: £30m), all of which are not recognised on the basis that recovery is not probable. There are no expiry dates attributed to any of the above.

The Group does not have any unremitted overseas earnings.

13. Inventories

	2009 £m	2008 £m
Goods held for resale	196.8	184.7

The amount of inventories recognised as an expense during the period was £3,077.0m (2008: £2,987.1m).

14. Trade and other receivables

	2009 £m	2008 £m
Trade receivables	32.7	31.3
Allowance for doubtful debts	(3.8)	(3.4)
	28.9	27.9
Prepayments and accrued income	34.7	26.4
	63.6	54.3

Trade receivables of £28.9m (2008: £27.9m) comprise principally of amounts receivable from the sale of goods and are classified as loans and receivables in note 17.

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

	2009 £m	2008 £m
At start of period	3.4	2.4
On acquisition	–	1.1
Fair value and accounting policy adjustment	–	1.3
Utilised in the period	(1.3)	(2.1)
Charged to income statement	1.7	0.7
	3.8	3.4

15. Trade and other payables

i) Current

	2009 £m	2008 £m
Trade payables	321.1	297.8
Other taxes and social security costs	11.5	14.5
Other payables	5.3	6.6
Accruals and deferred income	26.9	29.0
	364.8	347.9

ii) Non-Current

	2009 £m	2008 £m
Accruals and deferred income	28.2	27.9

Trade payables, other taxes and social security costs and other payables of £337.9m (2008: £318.9m) are classified under financial liabilities in note 17.

The non-current accruals and deferred income relate mainly to lease incentives and guaranteed minimum lease payments.

16. Interest bearing loans and borrowings

a) Summary

	2009 £m	2008 £m
Bank loan	50.0	89.8
Obligations under finance leases	0.2	1.1
Loan notes	–	1.1
	50.2	92.0
Less: unamortised arrangement fees	(4.9)	(3.8)
	45.3	88.2
Current liabilities	0.2	0.3
Non-current liabilities	45.1	87.9
	45.3	88.2

b) Borrowings repayable

	2009 £m	2008 £m
On demand or within one year	0.2	2.0
Between one and two years	–	0.2
Between two to five years	50.0	89.8
	50.2	92.0

c) Obligations under finance leases

	2009 £m	2008 £m
The maturity of these amounts is as follows:		
Within one year	0.2	0.9
Between one and two years	–	0.2
	0.2	1.1

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

16. Interest bearing loans and borrowings continued

d) Borrowing facilities

The Group held at 28 March 2008 an £89.8m bank loan which was due to be repaid in total in March 2011 and a £161.0m revolving credit facility available until March 2010. The facilities were provided by HBoS plc ('HBoS') and Kaupthing Bank hf ('Kaupthing').

On 1 August 2008 the Group reduced the bank loan by £15m to £74.8m in accordance with its requirement to repay half of cash generated in the prior year. The £74.8m bank loan was provided £48.5m by HBoS and £26.3m by Kaupthing.

On 22 December 2008 the Group purchased the bank loan due to Kaupthing for £21.5m, a discount of £4.8m and cancelled the remainder of its Kaupthing revolving credit facility. At the same time the entire Kaupthing facility was replaced with a matched facility from Barclays Plc ('Barclays') restoring the bank loan to £74.8m and the revolving credit facility to £161.0m. £24.8m of the bank loan was immediately repaid to HBoS and Barclays proportionately out of the revolving credit facility and the revolving credit facility was reduced by £15m. The revised facilities of £50.0m bank loan and £146.0m revolving credit facility were then extended to June 2012.

	2009 £m	2008 £m
Bank loan repayable	50.0	89.8
Facility available	146.0	161.0
Bank guarantees	(31.3)	(31.5)
Overdraft	-	-
Undrawn facility available	114.7	129.5

The bank loan and revolving credit facility are secured against the assets of the Group. There are cross guarantees between all Group companies (other than dormant subsidiaries).

The bank loan and revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 2.0% to 2.6%.

In the event of default of covenants on the bank facility, the principal amounts and any interest accrued are repayable on demand.

17. Financial instruments

Details of significant accounting policies and methods adopted, including the criteria for recognition, 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:

	Note	Book value		Fair value	
		2009 £m	2008 £m	2009 £m	2008 £m
Financial assets					
Loans and other receivables		28.9	27.9	28.9	27.9
Cash and cash equivalents		20.4	41.0	20.4	41.0
		49.3	68.9	49.3	68.9
Financial liabilities					
Other financial liabilities	a	(11.6)	(2.0)	(11.6)	(2.0)
Borrowings	b	(50.2)	(92.0)	(47.5)	(96.4)
Trade and other payables		(337.9)	(318.9)	(337.9)	(318.9)
Property guarantees	c	(4.0)	(4.0)	(4.0)	(4.0)
		(403.7)	(416.9)	(401.0)	(421.3)

Loans and other receivables represent amounts receivable from the sale of goods, together with amounts due from rebates (see note 14) and are initially measured at fair value and then subsequently held at amortised cost.

Fair values have been calculated as follows:

- estimated by discounting estimated future cash flows based on the applicable yield curves derived from quoted interest rates
- based on discounted expected future principal and interest cash flows
- estimated by discounting estimated future cash flows based on the terms and maturity and risk of each guarantee crystallising

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
2009					
Financial instruments	4.7	3.8	1.6	1.4	–
Borrowings	0.2	–	–	50.0	–
Trade and other payables	337.9	–	–	–	–
	342.8	3.8	1.6	51.4	–
2008					
Financial instruments	–	0.7	0.2	–	–
Borrowings	2.0	0.2	89.8	–	–
Trade and other payables	318.9	–	–	–	–
	320.9	0.9	90.0	–	–

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 reflects the amounts payable on these instruments which differs from the fair value recorded on the balance sheet. There is no difference between the discounted and undiscounted cash flows associated with trade payables due to their short term nature.

Credit risk

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

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.

Interest rate risk

The Group is exposed to interest rate risk as it has bank borrowings with a floating interest rate. This risk is managed by the use of interest rate contracts so that the exposure is either on a fixed rate basis or is subject to movements within predefined limits. At the start of the year the Group was party to an instrument with a notional value of £130m. During the year, this instrument was redesignated as 13 tranches of £10m. The various components of the instrument remain unchanged:

- an interest swap at 4.98% maturing in 2011
- cap and floor options maturing in 2011 which effectively set a collar between 4.25% and 5.68% but if LIBOR falls below 4.25% the floor rises to 5.21%
- an option at 4.98% exercisable by the lender in March 2011 for 2 years

	2009 £m	2008 £m
Interest rate swap designated and effective as cash flow hedging instrument	(3.9)	0.3
Interest rate options carried at fair value through profit and loss account	(7.7)	(2.3)
Current liabilities	(11.6)	2.0

The movement in the fair value is as follows:

At start of period	(2.0)
Effective portion of changes in the fair value of interest rate hedge	(4.5)
Net loss on re-measurement of interest rate swap to fair value recorded through income statement	(5.1)
At end of period	(11.6)

A table showing the period cash flows associated with the interest rate contracts is shown above.

The impact on the income statement is considered to be equivalent to the impact on cash flows.

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

17. Financial instruments continued

Sensitivity analysis has been based on the exposure to interest rates on the borrowings that were outstanding at the balance sheet date and taking into account the financial instruments. If interest rates were 1.0% higher, the interest charge would have been lower by £0.6m and if interest rates were 1.0% lower, the interest charge would have been higher by £0.1m.

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 £24.9m of net debt as at 27 March 2009 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 and all sales are denominated in sterling. The Directors do not consider that the Group has significant exposure to movements in foreign exchange and the Group does not hold any foreign exchange contracts.

18. Analysis of net debt

	At 28 March 2008 £m	Cash flow £m	Non cash items £m	At 27 March 2009 £m
Cash and cash equivalents	41.0	(20.6)	–	20.4
Loan notes	(1.1)	1.1	–	–
Finance leases	(1.1)	0.9	–	(0.2)
Bank loans	(89.8)	35.0	4.8	(50.0)
Unamortised arrangement fees	3.8	4.0	(2.9)	4.9
	(88.2)	41.0	1.9	(45.3)
Net debt	(47.2)	20.4	1.9	(24.9)

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.

19. 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 £3.1m (2008: £3.0m) were charged to defined contribution schemes in the period. Included within accruals is £0.3m (2008: £0.3m) of outstanding pension contributions.

Defined benefit schemes

The Booker Group 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 27 March 2009 have been calculated by an independent actuary on an IAS 19 basis using membership data obtained from the 31 March 2007 triennial actuarial valuation which has then been updated to 27 March 2009.

(a) Major assumptions used by the actuary

	2009	2008
Discount rate	6.80%	6.40%
Rate of increase in salaries	4.25%	4.80%
Pension increases	2.75%	3.30%
Inflation	2.75%	3.30%
Expected rate of return on scheme assets		
Equities	8.00%	8.00%
Corporate bonds	6.70%	5.80%
Other	0.50%	5.25%
Mortality tables for future pensioners	PA92c2025	PA92c2025
Mortality tables for current pensioners	PA92c2015	PA92c2015

Illustrative life expectancies are set out below:

		2009	2008
Member age 65 retiring immediately (current pensioner)	Male	19.4	19.4
	Female	22.4	22.4
Member age 40 retiring at 65 (future pensioner)	Male	20.2	20.2
	Female	23.1	23.1

(b) The amounts recognised in the balance sheet

	2009		2008	
	£m	%	£m	%
Equities	170.6	39%	197.1	38%
Corporate bonds	265.0	60%	315.2	61%
Other	2.2	1%	4.5	1%
Total fair value of Scheme assets	437.8	100%	516.8	100%
Present value of Scheme liabilities	(439.8)		(507.0)	
(Deficit) / surplus in the Scheme	(2.0)		9.8	

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

19. Post employment benefits continued

c) Movement in the fair value of Scheme assets

	2009 £m	2008 £m
At start of period	516.8	619.8
Employer contributions	11.0	9.7
Current service cost	–	0.4
Member contributions	–	–
Expected return on pension scheme assets	32.3	35.8
Transfer from legacy pension scheme	1.3	–
Actuarial losses	(93.9)	(47.2)
Benefits paid	(29.7)	(101.7)
At end of the period	437.8	516.8

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

The expected rate of return on equities is set with reference to the expected long term return taking into account the expected out performance of equities over bonds. The expected return on bonds is measured directly from actual market yields for government and corporate bonds at the balance sheet date. Expected returns on cash are measured with reference to the Bank of England base rate.

The Group and Trustees of the Scheme have agreed a revised investment strategy for the Scheme (with investments of 50% equity and 50% corporate bonds) to be implemented over the next year. Paragraph 106 of IAS19 requires the expected return on Scheme assets to be based on market expectations of returns over the entire life of the related obligation and as such the revised expected returns will be reflected from 28 March 2009 onwards.

(d) Movement in the present value of defined benefit obligations in the period

	2009 £m	2008 £m
At start of period	(507.0)	(647.1)
Current service cost	–	(0.4)
Interest on pension scheme liabilities	(31.5)	(32.2)
Actuarial gains	69.0	59.3
Experience gains	–	11.7
Benefits paid	29.7	101.7
At end of the period	(439.8)	(507.0)

(e) Movement in the Scheme net (liability)/asset during the period

	2009 £m	2008 £m
At start of period	9.8	(27.3)
Employer contributions	11.0	9.7
Current service cost	–	0.4
Member contributions	–	–
Credit recognised in the income statement	2.1	3.2
Actuarial (loss)/gain recognised in equity	(24.9)	23.8
At end of the period	(2.0)	9.8

(f) Amounts recognised in the income statement

	2009 £m	2008 £m
Expected return on pension scheme assets	32.3	35.8
Interest on pension scheme liabilities	(31.5)	(32.2)
Transfer from legacy pension scheme	1.3	–
Credited to finance income	2.1	3.6
Current service cost – charged to administrative expenses	–	(0.4)
Total credited in the income statement	2.1	3.2

(g) Cumulative actuarial gains and losses recognised in equity

	2009 £m	2008 £m
At start of period	145.4	121.6
Actuarial (loss)/gain recognised in equity	(24.9)	23.8
At end of the period	120.5	145.4

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

	2009 £m	2008 £m
Expected return	32.3	35.8
Actuarial losses	(93.9)	(47.2)
	(61.6)	(11.4)

(i) Historical information

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of scheme assets	437.8	516.8	619.8	626.9	544.1
Actuarial value of liability	(439.8)	(507.0)	(647.1)	(711.5)	(679.3)
Surplus/(deficit) in the scheme	(2.0)	9.8	(27.3)	(84.6)	(135.2)
Difference between actual and expected return on assets	(93.9)	(47.2)	(19.4)	62.9	(2.0)
Percentage of scheme assets (%)	21.4%	9.1%	3.1%	10.0%	0.4%
Experience gains/(losses) on scheme liabilities	–	11.7	37.8	(0.2)	0.1
Percentage of scheme liabilities (%)	–	2.3%	5.8%	–	–

(j) Contributions to be paid

The Trustees of the Scheme and the Group have agreed a schedule of contributions for the next 7 years (up to March 2016) of £10m per annum.

(k) Legacy pension scheme

During the period, the J Eversheds Pension and Life Assurance Scheme, which is a legacy pension scheme for which the Group is ultimately responsible, was wound up and the surplus cash of £1.3m was transferred to the Scheme. The credit recorded on the recognition of the asset by the pension scheme has been credited to finance income in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

20. Provisions

	Property provisions £m	Other £m	Total £m
At 28 March 2008	38.4	4.0	42.4
Released to income statement	(1.2)	–	(1.2)
Unwinding of discount	2.7	–	2.7
Utilised	(4.2)	–	(4.2)
At 27 March 2009	35.7	4.0	39.7

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% (2008: 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 2010.

Other provisions relate to third party property guarantees, for which the timing and quantum of payments is uncertain.

21. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At start of period	1,488,399,080	14.9
Share options exercised	280,000	–
At end of period	1,488,679,080	14.9

The total number of authorised ordinary shares is 2,000,000,000 (2008: 2,000,000,000) with a par value of £0.01 per share. All issued shares are fully paid.

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 0.45% of total shares issued) are held in trust by 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.

22. Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Merger reserve £m	Share option reserve £m	Hedge reserve £m	Retained earnings £m	Total £m
Balance at 30 March 2007	275.9	16.7	–	–	–	(96.2)	196.4
Reverse acquisition capital adjustment	(261.0)	14.1	260.8	0.2	–	–	14.1
Total recognised income and expense	–	–	–	–	(2.4)	46.5	44.1
Reserves reclassification	–	–	–	–	0.8	(0.8)	–
Balance at 28 March 2008	14.9	30.8	260.8	0.2	(1.6)	(50.5)	254.6
Total recognised income and expense	–	–	–	–	(3.2)	21.3	18.1
Share based payments	–	–	–	1.4	–	–	1.4
Dividends to shareholders	–	–	–	–	–	(11.0)	(11.0)
Reserves reclassification	–	–	–	–	0.8	(0.8)	–
Balance at 27 March 2009	14.9	30.8	260.8	1.6	(4.0)	(41.0)	263.1

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

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.

23. Dividends

Dividends charged to reserves

	2009 £m	2008 £m
Final dividend of 0.5375 pence (2008: nil) per ordinary share paid in respect of the prior period	8.0	–
Interim dividend of 0.2 pence (2008: nil) per ordinary share paid in respect of the current period	3.0	–

The Directors are proposing a final dividend of 0.67 pence (2008: 0.5375 pence) per share, which will absorb £10.0m of equity (distributable reserves). Subject to shareholder approval at the AGM, to be held on 8 July 2009, the dividend will be paid on 10 July 2009 to shareholders on the register at 12 June 2009. The shares will go ex-dividend on 10 June 2009.

NOTES TO THE GROUP FINANCIAL STATEMENTS

continued

24. Share based payments

The Group has a number of share option schemes for employees. The total charge for the period relating to employee share-based payments was £1.4m (2008: £nil).

During the period the Group announced a new Performance Share Plan (PSP) and Save As You Earn Scheme (SAYE).

Awards under the PSP will vest over a three year period, subject to continued employment and certain share price targets being met. A quarter of the ordinary shares subject to each award will vest on reaching share prices of 28.75p, 30.5p, 34.5p and 46p over a consecutive 60 day period.

The SAYE is an all employee scheme under which employees were offered the opportunity to save up to £250 per month over a 3 year period with a fixed purchase price of 18.68 pence per share.

The fair value per option granted during the period and the assumptions used were as follows:

	PSP 2008	SAYE 2008
Pricing model	Monte Carlo	Black Scholes
Share price at grant date	23.75p	24.25p
Expected volatility	25%	25%
Expected life	2-3 years	3 years
Risk free rate	5.0%	4.9%
Expected dividend yield	2.5%	2.5%
Fair value at grant date	8.4p	7.4p

The Group also has 2 legacy share option schemes which were granted by Blueheath Holdings plc and vested following the reverse takeover in June 2007.

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

	Grant date	Number	Vesting conditions	Expiry date	Exercise price
Option granted to senior employees	July/November 2008	36,316,000	2-3 year service	July/November 2008	nil
SAYE to all staff	July 2008	24,186,180	3 year service	March 2012	18.68p
Option granted to senior employees	February 2007	5,320,000	Vested	February 2017	5.0p
Option granted to senior employees	May 2002- December 2005	127,625	Vested	2012-2015	80.5p to 110.0p
		65,949,805			

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

	2009		2008	
	Number of share options	Weighted average exercise price Pence	Number of share options	Weighted average exercise price Pence
Outstanding at beginning of period	5,768,625	7.5	5,768,625	7.5
Granted	61,516,673	7.5	-	-
Forfeited	(1,055,494)	11.7	-	-
Exercised	(280,000)	5.0	-	-
Outstanding at end of period	65,949,805	7.5	5,768,625	7.5
Exercisable at end of period	5,477,625		5,768,625	

25. 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 leased certain items of plant and equipment.

Operating lease payments represent rents payable by the Group for certain of its retail, 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 are as follows:

	Land and buildings		Others	
	2009 £m	2008 £m	2009 £m	2008 £m
Within one year	46.9	48.6	2.7	2.0
Within two to five years	181.7	187.8	3.8	3.8
After five years	426.1	468.4	–	–
	654.7	704.8	6.5	5.8

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

	2009 £m	2008 £m
Within one year	2.3	4.9
Within two to five years	4.3	5.7
After five years	2.8	2.5
	9.4	13.1

26. Capital commitments

The outstanding commitments at 27 March 2009 in respect of contracted capital expenditure not provided for amounted to approximately £2.0m (2008: £1.5m).

27. Related party transactions

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

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

COMPANY BALANCE SHEET

As at 27 March 2009

	Note	27 March 2009 £m	28 March 2008 £m
Fixed assets			
Investments	4	21.4	53.4
Debtors	5	51.6	10.0
Creditors due within one year	6	(8.8)	(6.6)
Net current assets		42.8	3.4
Net assets		64.2	56.8
Capital and reserves			
Called-up share capital	7	14.9	14.9
Share premium account	9	30.8	30.8
Share option reserve	9	1.6	0.2
Profit and loss account	9	16.9	10.9
Shareholders' funds	10	64.2	56.8

These financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Charles Wilson
Director

Jonathan Prentis
Director

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 230(4) of the Companies Act 1985 from presenting its own profit and loss account.

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. 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 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.

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.

2. Profit and loss account

In accordance with the exemption permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented separately. The profit recognised for the 52 weeks ended 27 March 2009 was £17.0m (56 weeks ended 28 March 2007: profit £9.9m).

The audit fee of £0.1m (2008: £0.1m) for the current and prior period was borne by another group undertaking without recharge.

3. Staff numbers and costs

	52 weeks ended 27 March 2009 Number	56 weeks ended 28 March 2008 Number
The average number of employees (including Directors) were as follows:	7	7

Directors' emoluments paid by the subsidiary undertakings in respect of their roles as Directors of the Group are as follows:

	52 weeks ended 27 March 2009 £'000	56 weeks ended 28 March 2008 £'000
Emoluments	1,231	1,009
Pension contributions	126	89
	1,357	1,098

Due to the accounting for the reverse acquisition in the Group financial statements (as detailed in Note 1 to the Group financial statements), the Directors of the Company for the period to 3 June 2007 are different to the Directors of the Group. The Group Remuneration Report represents emoluments for the 52 weeks ended 28 March 2008 compared to the 56 weeks ended 28 March 2008 as represented above.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

3. Staff numbers and costs continued

The amounts in respect of the highest paid director are as follows:

	£'000	£'000
Emoluments	510	421
Pension contributions	76	63
	586	484

On 28 October 2005 Booker agreed to pay a joining fee to Charles Wilson, part of which was his entitlement to receive £443,262.50 on 1 April 2008, provided he was an employee and a director of Booker or one of its associated companies at that date. This figure is not included in the above analysis.

4. Investments

	Shares in subsidiary undertakings £m	Loan to subsidiary undertakings £m	Total £m
Cost and net book value			
At 30 March 2007	9.0	24.4	33.4
Additions	20.0	–	20.0
At 28 March 2008	29.0	24.4	53.4
Capitalisation of debt	24.4	(24.4)	–
Disposals	(33.4)	–	(33.4)
Capital contribution	1.4	–	1.4
At 27 March 2009	21.4	–	21.4

During the year the Company transferred its 100% holdings in Booker Direct Limited (formerly Blue Heath Direct Limited), C.T.M. Wholesale Limited and A.C. Ward & Son Limited to subsidiary undertakings at net book value.

The capital contribution relates to the cost of granting share based payments to employees of subsidiary undertakings – details are shown in note 24 of the Group financial statements.

The Company's principal subsidiary undertakings at 27 March 2009, all of which are wholly owned and registered in the United Kingdom are as follows:

Name of company	Principal activities
Booker Limited	Wholesaler
Booker Direct Limited (formerly Blue Heath Direct Limited)	Wholesaler
Giant Topco Limited	*Intermediate holding company

* 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.

5. Debtors

	2009 £m	2008 £m
Amounts owed by Group undertakings	51.6	10.0

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

6. Creditors due within one year

	2009 £m	2008 £m
Amounts owed by Group undertakings	8.8	6.6

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

7. Share capital

	Number of shares	Share capital £m
Allotted, called up and fully paid		
At start of period	1,488,399,080	14.9
Share options exercised	280,000	–
At end of period	1,488,679,080	14.9

The total number of authorised ordinary shares is 2,000,000,000 (2008: 2,000,000,000) with a par value of £0.01 per share. All issued shares are fully paid.

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

8. Share options

The Company has a number of share schemes for employees of the Group, details are shown in note 24 of the Group Financial statements.

9. Reserves

	Share capital £m	Share premium account £m	Share option reserve £m	Profit and loss account £m	Total £m
At start of period	14.9	30.8	0.2	10.9	56.8
Retained profit for the period	–	–	–	17.0	17.0
Dividend	–	–	–	(11.0)	(11.0)
Capital contribution	–	–	1.4	–	1.4
At end of period	14.9	30.8	1.6	16.9	64.2

Dividends charged to reserves

	2009 £m	2008 £m
Final dividend of 0.5375 pence (2008: nil) per ordinary share paid in respect of the prior period	8.0	–
Interim dividend of 0.2 pence (2008: nil) per ordinary share paid in respect of the current period	3.0	–

The Directors are proposing a final dividend of 0.67 pence (2008: 0.5375 pence) per share, which will absorb £10.0m of equity (distributable reserves). Subject to shareholder approval at the AGM, to be held on 8 July 2009, the dividend will be paid on 10 July 2009 to shareholders on the register at 12 June 2009. The shares will go ex-dividend on 10 June 2009.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

10. Reconciliation of movement in shareholders' funds

	2009 £m	2008 £m
Profit for the period	17.0	9.9
Issue of share capital	–	13.5
Capital contribution	1.4	–
Share option reserve	–	0.1
Dividend	(11.0)	–
Shareholders' funds at the start of the period	56.8	33.3
Shareholders' funds at the end of the period	64.2	56.8

11. 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 Group companies, as the Company financial statements are presented together with the consolidated Group financial statements.

12. Contingent liabilities

The company has cross guaranteed the borrowings of other subsidiaries in the Group which at the period end amounted to £49.4m (2008: £66.2m).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the Annual Report and the Financial Statements

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 period. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable laws and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

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 judgments 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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.

INDEPENDENT AUDITORS' REPORT

to the members of Booker Group plc

We have audited the group and parent company financial statements (the "financial statements") of Booker Group Plc for the 52 weeks ended 27 March 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the parent company financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 55.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Report, Chief Executive's Review and Group Finance Director's Report that is cross referred from the Business Review section of the Directors' Report.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 27 March 2009 and of its profit for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 27 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
Manchester

27 May 2009

DIRECTORS AND PROFESSIONAL ADVISERS

Directors

Richard Rose
Non-Executive Chairman

Charles Wilson
Chief Executive

Jonathan Prentis
Group Finance Director

Bryan Drew
Executive Director

Bryn Satherley
Executive Director

Lord Karan Bilimoria
Non-Executive Director

Andrew Cripps
Non-Executive Director

Richard Farr
Non-Executive Director

Karen Jones
Non-Executive Director

Company Secretary
Mark Chilton

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