

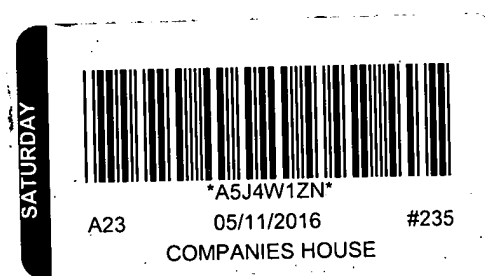
Company Registration No. 00049933 (England and Wales)

# **E H Booth & Co Limited**

## **Annual Report**

**For The Year Ended**

**26 March 2016**



# **E H BOOTH & CO LIMITED**

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# **E H BOOTH & CO LIMITED**

## **COMPANY DETAILS**

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**Directors** E J Booth, DL (Chairman)  
S K Booth  
D G Booth  
C J Dee  
J A P Vandermeer

**Secretary** J A P Vandermeer

**Registered Office** Booths Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX

**Company Number** 00049933

**Auditor** Moore and Smalley LLP  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

**Solicitors** Napthens LLP  
7 Winckley Square  
Preston  
PR1 3JD

# **E H BOOTH & CO LIMITED**

## **NOTICE OF MEETING**

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Preston Marriott Hotel, Broughton on 14 September 2016 at 6.00 o'clock in the evening.

### **AGENDA**

- 1 To read and approve the minutes of the last Annual General Meeting.
- 2 To receive and approve the annual report for the year ended 26 March 2016.
- 3 To confirm the payment of the interim dividend paid on 26 March 2016.
- 4 To declare a final dividend.
- 5 To re-elect the auditors and authorise the directors to fix their remuneration.
- 6 To fix the fair value of the shares for the ensuing year.
- 7 To transact any other ordinary business.

By order of the board on 29 July 2016.



**J A P Vandermeer – Secretary**

Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX

A member entitled to attend and vote at this meeting may appoint a proxy whether a member of the Company or not.

# **E H BOOTH & CO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **REVIEW AND DEVELOPMENT OF THE BUSINESS**

The group's principal activity during the year was the retailing of food and associated products.

The financial year 2015/16 finished very much as it started with a continuation of the deflation that has plagued our market for a considerable period. Allied to a tight consumer market and heavy discounting, this has kept the lid on potential for sales growth.

Over the period April through to November, we opened 4 new stores situated at Hale Barns, Burscough, St Annes and Poulton-le-Fylde (replacement). We closed stores at Lane Ends, Normoss, Poulton, Torrisholme, Ansdell and Marton as part of our agreement with lenders to reschedule our borrowings through a property divestment programme. An intense build programme and associated closures put a great deal of pressure on colleagues throughout the business, and resulted in significant costs but we now have 4 new modern shop floors with which to build sales.

During December many of our Northern stores were seriously affected by Storm Desmond. Kirkby Lonsdale suffered intensive flooding to its basement warehouse, damaging all plant and equipment beyond repair. Fortunately the shop floor was unaffected and the store reopened within a week.

Conditions were more severe in Keswick as the flood defences in the town were breached and the store ended up under three feet of water. A pop up shop was quickly established before Christmas and a full refurbishment of the store completed by early April. The recovery of the stores was well co-ordinated and all of the Booths teams pulled together to limit the impact of the damage. Special mention must go to store colleagues upon the way in which they responded throughout such a challenging period and despite a number of them having to cope with damaged property at home.

During the year, the company embarked upon a complete overhaul of the leadership teams at our stores. Our existing management structure was struggling to cope with the high demands attributable to improving the customer experience while at the same time working more efficiently. To facilitate this, we removed one layer of senior management and established a cross-functional team of three, reporting directly to the Store Manager. This exercise resulted in a £1.6M one-off restructuring cost and delivered a £2.5M annualised saving.

The openings and closures have resulted in a flat sales position with refinancing and restructuring costs (£3.0m) impacting on profits. Impairment costs attributable to certain of the group's newer properties (£6.7m) have further reduced the profit before tax figure. However, there is an actuarial gain (£10.6m) on pension scheme assets and liabilities which brings the total comprehensive income up to a positive £4.3m.

In June 2015, the company received a "Grocery Gold Award" for Best Independent Chain. This was welcome recognition of the great effort that all Booths colleagues have made during a continued volatile and unpredictable trading period.

In November we welcomed Nigel Murray to the Operating Board as Commercial Director, taking responsibility for Buying, Supply Control, Manufacturing and Logistics. John Vandermeer, Finance Director, is due to retire from the Board after the year end. His replacement, Matthew Rothwell, has recently joined the business and we expect to formally appoint him to the Board before the AGM.

We have introduced a new way of listening to how Booths customers feel about the business called "Dear Booths"- in essence a weekly survey that allows us to measure progress in each of the main areas of the customer offer. The survey asks customers their views on Value, Product Range, Service, Availability and Store Environment. Putting the results of this survey at the heart of our decision making has helped us incrementally improve our offer and inform the direction for our operating plans under the banner of "Best in Town".

# E H BOOTH & CO LIMITED

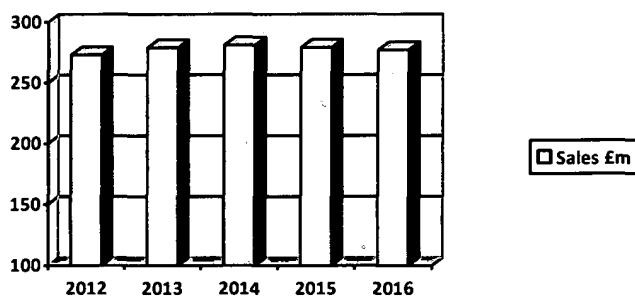
## STRATEGIC REPORT

FOR THE YEAR ENDED 26 MARCH 2016

### KEY FINANCIAL INDICATORS

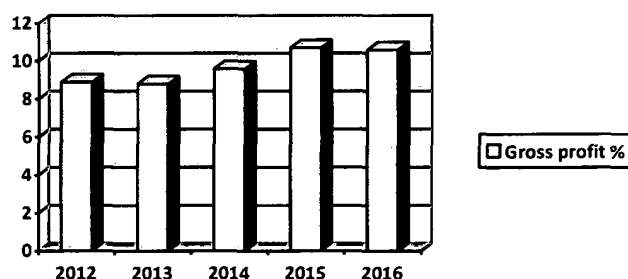
#### Sales

Sales at £276.6m were down by 0.7% compared to prior year. During the year 4 smaller stores were closed and replaced by 2 larger stores being St Annes and Poulton. In addition a further 2 smaller stores were closed and new stores opened in Hale Barns and Burscough. Flooding in the Lakes adversely affected sales by 1.4%.



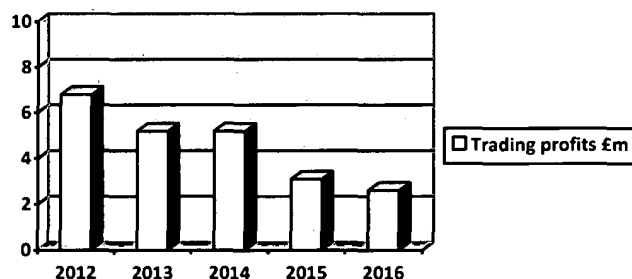
#### Gross margin

The gross profit margin remained stable at 10.6%, but this disguises a number of variables. Whilst closing smaller stores and opening larger stores has improved the sales margin mix, new stores inevitably suffer increased shrinkage as the focus for the store is to maintain excellent availability. The manufacturing and trading teams have performed well and have improved both intake margin and supplier income.



#### Trading profits

Trading profits reduced from £3.1m to £2.6m as a result of the incredibly tough retail environment. Tight cost control across the company helped balance the increased cost of opening and supporting 4 new stores.



# E H BOOTH & CO LIMITED

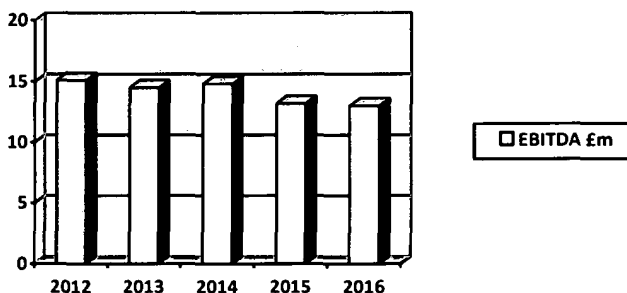
## STRATEGIC REPORT

FOR THE YEAR ENDED 26 MARCH 2016

### KEY FINANCIAL INDICATORS (continued)

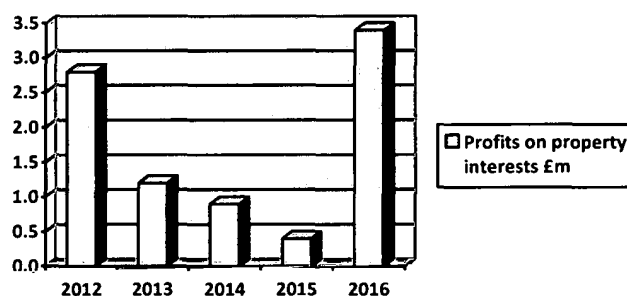
#### EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation (excludes profits on property interests & exceptional items) at £13.0m are 0.85% lower on last year.



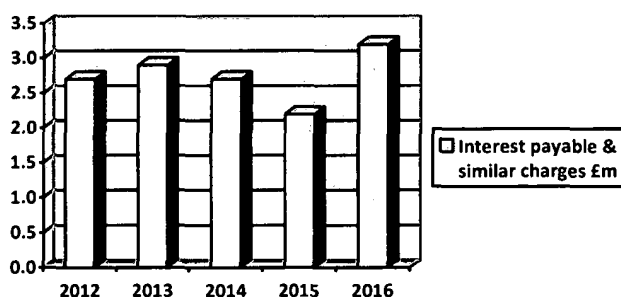
#### Profits on property interests

Profits from property interests were up by £3.0m. Rental income on properties dropped by £0.3m as some non-core properties were sold. However property disposals and the benefit of insurance claims relating to the floods, where the written down value of damaged assets were replaced with new, contributed £3.1m. There was also an extra £0.2m in the group's share of profit from the joint venture with Maple Grove Developments.



#### Bank interest payable

Interest and related charges, which excludes any changes in fair value of derivatives, increased by £1.0m to £3.2m. Although the net debt grew from £69m to £74m, the increase in charges were mainly due to an interest rate hedge maturing in the prior year which reduced the average borrowing rate and an increase in the margin charged by the banks.



# E H BOOTH & CO LIMITED

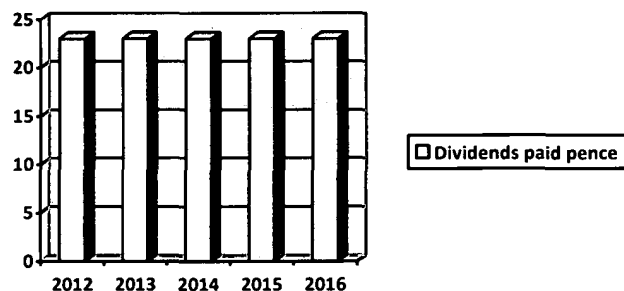
## STRATEGIC REPORT

FOR THE YEAR ENDED 26 MARCH 2016

### KEY FINANCIAL INDICATORS (continued)

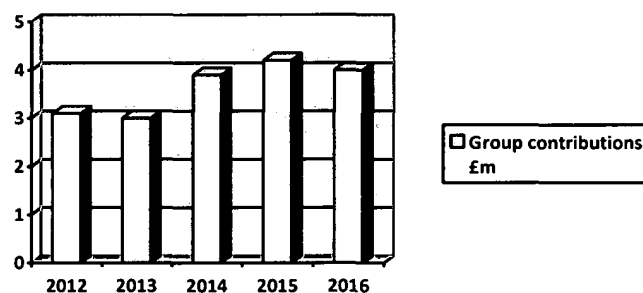
#### Dividends paid

Total dividend for the year is to be maintained at 23p, comprising an interim dividend of 4p and a final dividend to be confirmed of 19p.



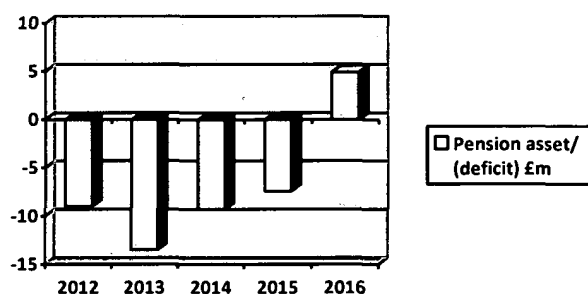
#### Group pension contributions

Cash contributions to the group's pension schemes have fallen by £0.2m to £4.0m. The defined benefit pension scheme continues to benefit from rental income received from the Asset Backed funding arrangement.



#### Pension asset/(deficit)

The defined benefit pension scheme provision has improved from a deficit of £7.4m to an asset of £4.9m. Assets have increased by £2.9m to £82.2m over the period due to investment returns and contributions paid in exceeding benefits paid out. Liabilities have fallen by £9.4m to £77.2m over the period due in the most part to rising corporate bond yields which underpin the discount rate and an experience adjustment allowing for the preliminary results of the 2015 actuarial valuation.





# E H BOOTH & CO LIMITED

## STRATEGIC REPORT

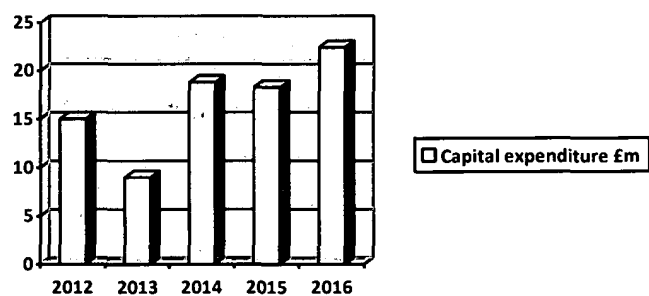
FOR THE YEAR ENDED 26 MARCH 2016

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### KEY FINANCIAL INDICATORS (continued)

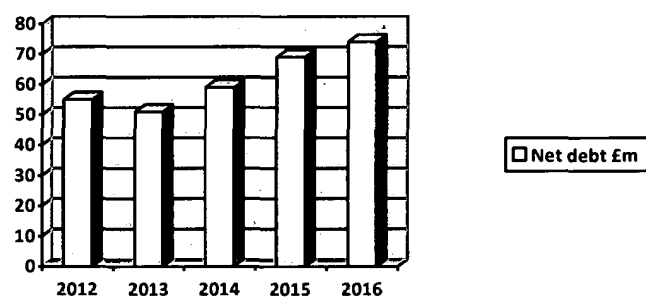
#### Capital expenditure

Spending on capital items during the year totalled £22.4m compared to £18.3m in the prior year. The majority of the spend relates to the opening of 4 stores during the year.



#### Net debt

In order to fund the fit out of the 4 new stores net debt increased from £69m to £74m. £85m of debt was repaid during the year and facilities of £88m were drawn down during the year. This was part of the refinancing exercise completed in the year and details are explained in note 16.



# **E H BOOTH & CO LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 26 MARCH 2016**

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### **PRINCIPAL RISKS AND UNCERTAINTIES**

The risk management strategy is closely aligned to the philosophy of the business run on conservative principles and good governance. Risk is an inherent part of doing business and is based on a balance of risk and reward through careful assessment of both the potential likelihood and also impact. Consideration is given to both financial and reputational risk.

#### **Financial risk**

The group's operations expose it to a variety of financial risks that include the effects of changes in debt, market prices, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The following areas are covered as part of the financial risk management:

##### **Economic**

As a food retailer based in the UK, the business is particularly exposed to economic downturn but more specifically a downturn in the spending power of consumers in the North West. Maintaining the highest level of customer service and product quality, together with the introduction of a Booths Loyalty Card with a Price Match promise has enabled this risk to be mitigated. Furthermore the introduction of a weekly survey called 'My Booths' enables the group to monitor customer experiences and to react accordingly.

##### **Funding and liquidity**

Funding requirements are managed for both the short term and long term cash flow needs of the business, ensuring the group has sufficient available funds for operations and planned expansions. The trading patterns and business plans, together with budgets, are considered alongside the facility currently agreed with our banking relationship partners. Details of the group's borrowings are provided in note 16 to the accounts.

##### **Interest rate**

Interest rate risks are mitigated by taking out interest rate swaps, which hedge against significant fluctuations in rates.

##### **Price risk**

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk, other than in respect of investments in the defined benefit pension scheme.

##### **Foreign currency**

The group has limited exposure to foreign currency fluctuations however forward exchange contracts are entered into for major foreign currency exposure.

##### **Energy**

The business operates risk management processes for the procurement of both Electricity and Gas contracts.

# **E H BOOTH & CO LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 26 MARCH 2016**

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### **Business continuity and disaster recovery**

A disaster recovery plan is in place to deal with any major event that would disrupt the running of the business. In addition to individual stores, this covers significant incidents within the central operations that support the stores including IT and the Central Warehouses.

### **Reputational risk**

Adverse publicity in relation to the brand could have a detrimental impact on the group's reputation and future sales and profits. It is the group's policy to ensure that employees operate within safe and legal guidelines for product and working standards and these are reviewed regularly by the Board and Senior Management.

### **FINANCIAL YEAR 2016/17**

We entered the financial year 2016/17 against the backdrop of continued food deflation and the prospect of a referendum to determine whether or not the United Kingdom should remain as a member of the European Union. Trading so far has been worse than expected although intake margins have been strong and operating costs well under control. With the country having voted for a "Brexit", there are going to be uncertainties around exchange rates and consumer sentiment, thus it would not be prudent of me to forecast an outcome for this year with accuracy. However, there are a number of key operating initiatives which are being developed to make Booths an even better place to shop. Continued range development will also make shopping at Booths more satisfying with an increasing emphasis on Booths branded products.

I am proud of the progress that the Chief Executive, his team and all colleagues have made during another tough year in upholding the founder's vision and sustaining a level of performance upon which we can build in the future.

This report was approved by the board on 29 July 2016 and signed on its behalf.



**E J Booth – Chairman**

Central Office  
Longridge Road  
Ribbleson  
Preston  
PR2 5BX

# **E H BOOTH & CO LIMITED**

## **DIRECTORS' REPORT**

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The directors have pleasure in submitting their one hundred and nineteenth annual report, together with the audited financial statements for the group for the year ended 26 March 2016.

### **Directors**

The directors who served during the year are shown below:

E J Booth, DL (Chairman)  
S K Booth  
D G Booth  
C J Dee  
J A P Vandermeer

### **Dividends**

Dividends paid out for the period were £288,762 (2015: £288,871).

### **Employee involvement**

*Customer service is an important priority for the group and training programmes and surveys seek to ensure that employees understand the group's objectives and work to achieve them.*

Communication with staff is considered an area of great importance and employees are kept informed of the group's activities by way of magazines, DVDs, intranet and social media together with regular departmental meetings held at all sites.

The group involves its employees in the running of the business through employee share ownership.

### **Disabled employees**

The group is committed to ensuring that people with disabilities are encouraged and supported to apply for employment with the group and to achieve progress through the group. They will have equality of opportunity in respect of recruitment, selection, terms and conditions, training and promotion, so far as is justifiable. Every reasonable effort will be made to enable disabled persons to be retained in the employment of the group.

### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 9. The financial position of the company, its cash flows, liquidity position and borrowing facilities are presented on pages 15 and 17 and in note 16 of the accounts. The current political and economic conditions, together with a competitive market have created uncertainty, particularly regarding sales performance. The forecasts prepared by the directors demonstrate that they anticipate that the business will continue to operate within both its current debt facilities and financial covenants. The company also has a strong portfolio of properties and there are other mitigating activities identified by the directors that they can turn to should the need arise.

Therefore the directors have an expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Thus they continue to consider it appropriate to adopt the going concern basis in preparing these financial statements.

### **Financial instruments**

Details of financial instruments are provided in the Strategic Report on page 8.

### **Future developments**

There are no plans to open any new stores over the coming 12 months as the company focuses on reducing the level of debt in the business and continues to dispose of non-core trading assets. Further details of future developments are provided in the Strategic Report on page 9.

# **E H BOOTH & CO LIMITED**

## **DIRECTORS' REPORT**

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### **Directors' indemnities**

The directors are entitled to be indemnified by the Company to the extent permitted by law and the Company's Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The Company has executed deeds of indemnity for the benefit of each director in respect of liabilities which may attach to them in their capacity as Directors of the Company. The Company purchased and maintained directors' and officers' liability insurance throughout 2015/16, which has been renewed for 2016/17.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

We, the directors of the group who held office at the date of approval of these financial statements as set out on page 1 each confirm, so far as we are aware, that:

- there is no relevant audit information of which the group's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

This report was approved by the board on 29 July 2016 and signed on its behalf.



**E J Booth – Chairman**  
Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX

## **E H BOOTH & CO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E H BOOTH & CO LIMITED**

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We have audited the financial statements of E H Booth & Co Limited for the year ended 26 March 2016 which comprise the Group Statement of Comprehensive Income, the Statements of Financial Position, the Statements of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 26 March 2016, and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

## **E H BOOTH & CO LIMITED**

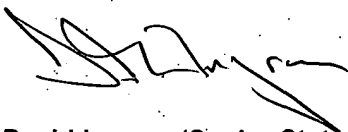
### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E H BOOTH & CO LIMITED**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**David Ingram (Senior Statutory Auditor)**  
**For and on behalf of**  
**Moore and Smalley LLP**  
**Chartered Accountants & Statutory Auditor**

Richard House  
Winckley Square  
Preston  
PR1 3HP

29 July 2016

# **E H BOOTH & CO LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 26 MARCH 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000 <i>restated</i></b>
<b>Turnover</b>	<b>1</b>	276,588	278,611
Cost of sales		<u>(247,235)</u>	<u>(248,941)</u>
<b>Gross profit</b>		29,353	29,670
Administrative expenses		<u>(26,763)</u>	<u>(26,571)</u>
		2,590	3,099
Profit on property interests	<b>4</b>	<u>3,473</u>	<u>423</u>
		6,063	3,522
Restructuring costs	<b>2</b>	(1,635)	-
Refinancing costs	<b>2</b>	(1,358)	-
Impairment of property portfolio	<b>2</b>	<u>(6,745)</u>	<u>-</u>
		(3,675)	3,522
Net finance charge on pension scheme assets and liabilities	<b>20</b>	(201)	(337)
Interest payable and similar expenses	<b>5</b>	<u>(2,619)</u>	<u>(2,114)</u>
<b>(Loss)/profit before taxation</b>	<b>2</b>	(6,495)	1,071
Tax on (loss)/profit	<b>8</b>	<u>228</u>	<u>(296)</u>
<b>(Loss)/profit for the financial year</b>		(6,267)	775
<b>Other comprehensive income</b>			
Remeasurement gain on defined benefit pension plan	<b>20</b>	<u>10,593</u>	<u>723</u>
<b>Total comprehensive income for the year</b>		<u>4,326</u>	<u>1,498</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing.




# E H BOOTH & CO LIMITED

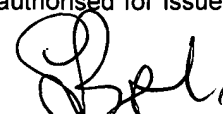
## STATEMENTS OF FINANCIAL POSITION

AS AT 26 MARCH 2016

	Note	Group		Company	
		2016 £'000	2015 £'000 <i>restated</i>	2016 £'000	2015 £'000 <i>restated</i>
<b>Fixed assets</b>					
Intangible assets	10	2,134	2,347	2,134	2,347
Tangible assets	11	149,808	150,162	136,890	137,054
Investments	12	465	238	5,083	5,083
		152,407	152,747	144,107	144,484
<b>Current assets</b>					
Stocks	13	16,425	18,349	16,425	18,349
Debtors – amounts falling due within one year	14	3,364	4,443	4,007	5,362
Debtors – amounts falling due after more than one year	14	-	-	19,845	19,936
Investments – properties held for sale	12	3,322	600	3,322	-
Cash at bank and in hand		8,741	10,612	8,249	10,335
		31,852	34,004	51,848	53,982
<b>Creditors – amounts falling due within one year</b>	15	(50,736)	(37,763)	(50,668)	(37,694)
<b>Net current (liabilities)/assets</b>		(18,884)	(3,759)	1,180	16,288
<b>Total assets less current liabilities</b>		133,523	148,988	145,287	160,772
<b>Creditors – amounts falling due after more than one year</b>	16	(67,750)	(75,578)	(67,750)	(75,578)
		65,773	73,410	77,537	85,194
<b>Provision for liabilities and charges</b>	17	(1,418)	(724)	(1,418)	(724)
<b>Net assets excluding pension asset/liability</b>		64,355	72,686	76,119	84,470
Defined benefit pension asset/(liability)	20	4,935	(7,433)	4,935	(7,433)
<b>Net assets</b>		69,290	65,253	81,054	77,037
<b>Capital and reserves</b>					
Called up share capital	18	1,256	1,256	1,256	1,256
Non-distributable reserve	19	296	1,703	296	1,132
Profit and loss account	19	67,738	62,294	79,502	74,649
<b>Shareholders' funds</b>		69,290	65,253	81,054	77,037

These financial statements were approved and authorised for issue by the board on 29 July 2016. Signed on behalf of the board of directors

  
E J Booth – Director  
Company Number: 00049933

  
S K Booth – Director

# **E H BOOTH & CO LIMITED**

## **STATEMENTS OF CHANGES IN EQUITY**

**AS AT 26 MARCH 2016**

<b>Group</b>	<b>Share capital £'000</b>	<b>Non-distributable reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 29 March 2014 as previously stated	1,256	1,703	62,014	64,973
Changes on transition to FRS102 (note 26)	-	-	(929)	(929)
At 29 March 2014 as restated	1,256	1,703	61,085	64,044
Profit for the year	-	-	775	775
Remeasurement gain on defined benefit pension plan	-	-	723	723
Dividends	-	-	(289)	(289)
At 28 March 2015	1,256	1,703	62,294	65,253
Loss for the year	-	-	(6,267)	(6,267)
Remeasurement gain on defined benefit pension plan	-	-	11,432	11,432
Tax on components of other comprehensive income	-	-	(839)	(839)
Transfers	-	(1,407)	1,407	-
Dividends	-	-	(289)	(289)
<b>At 26 March 2016</b>	<b>1,256</b>	<b>296</b>	<b>67,738</b>	<b>69,290</b>

<b>Company</b>	<b>Share capital £'000</b>	<b>Non-distributable reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 29 March 2014 as previously stated	1,256	1,132	74,276	76,664
Changes on transition to FRS102 (note 26)	-	-	(929)	(929)
At 29 March 2014	1,256	1,132	73,347	75,735
Profit for the year	-	-	868	868
Remeasurement gain on defined benefit pension plan	-	-	723	723
Dividends	-	-	(289)	(289)
At 28 March 2015	1,256	1,132	74,649	77,037
Loss for the year	-	-	(6,287)	(6,287)
Remeasurement gain on defined benefit pension plan	-	-	11,432	11,432
Tax on components of other comprehensive income	-	-	(839)	(839)
Transfers	-	(836)	836	-
Dividends	-	-	(289)	(289)
<b>At 26 March 2016</b>	<b>1,256</b>	<b>296</b>	<b>79,502</b>	<b>81,054</b>

# **E H BOOTH & CO LIMITED**

## **GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 26 MARCH 2016**

	2016		2015	
	£'000	£'000	£'000	£'000
			<i>restated</i>	<i>restated</i>
<b>Cash flow from operating activities</b>				
(Loss)/profit for the year before taxation	(6,495)		1,071	
Amortisation & depreciation of tangible fixed assets	10,292		10,211	
Impairment of property portfolio	6,745		-	
Net finance charge on pension scheme assets/liability	201		337	
(Profit)/loss on disposal of tangible fixed assets	(2,591)		198	
Interest payable and similar expenses	2,619		2,114	
Pension contributions paid in excess of current year service cost	(1,137)		(1,463)	
Share of operating profit of joint venture	(284)		(35)	
Decrease/(increase) in stocks	1,924		(1,316)	
Decrease in debtors	1,320		120	
Increase/(decrease) in creditors	2,743		(417)	
Corporation tax refund/(paid)	499		(7)	
<b>Net cash flow from operating activities</b>		15,836		10,813
<b>Cash flow from investing activities</b>				
Payments to acquire intangible fixed assets	(215)		-	
Payments to acquire tangible fixed assets	(22,445)		(18,303)	
Receipts from sale of tangible fixed assets	5,459		373	
<b>Net cash flow from investing activities</b>		(17,201)		(17,930)
<b>Cash flow from financing activities</b>				
Interest paid	(3,179)		(2,162)	
Receipt from issue of new loans	88,000		17,000	
Repayments of loans	(85,030)		(3,747)	
Capital element of finance leases	(8)		(85)	
Dividends paid	(289)		(289)	
<b>Net cash flow from financing activities</b>		(506)		10,717
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,871)		3,600
<b>Cash and cash equivalents brought forward</b>		10,612		7,012
<b>Cash and cash equivalents carried forward</b>		8,741		10,612
<b>Cash and cash equivalents consists of:</b>				
Cash at bank & in hand		8,741		10,612

# **E H BOOTH & CO LIMITED**

## **ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **Company information**

E H Booth & Co Limited ("the Company") is a private company limited by shares, incorporated in England and Wales. The registered office is Booths Central Office, Longridge Road, Ribbleton, Preston, PR2 5BX.

#### **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006, including early-adoption of the amendments to FRS 102 (July 2015).

The group transitioned from previously extant United Kingdom Generally Accepted Accounting Practice to FRS 102 as at 30 March 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

#### **Going concern**

The financial statements have been prepared on the going concern basis. Further details of the directors' assessment of going concern can be found in the Directors' Report on page 10.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company, all group undertakings for the period under its control and interests in joint ventures. These are adjusted, where appropriate, to conform to group accounting policies. Group undertakings are accounted for under the acquisition method and goodwill arising on consolidation is capitalised and written off its estimated useful life. Joint ventures are accounted for within the consolidated financial statements under the equity method. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the consolidated financial statements by virtue of section 408 of the Companies Act 2006.

#### **Turnover and other income**

Sale of goods and other income is measured at the fair value of the consideration received or receivable for goods supplied, net of Value Added Tax. The redemption of Booths vouchers issued to customers is recognised as a deduction from turnover.

#### **Sale of goods**

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually at point of sale.

#### **Supplier income**

As is the industry norm, the group receives income from suppliers in the form of incentives, discounts and promotional support, collectively known as 'Supplier income'. Such income is recognised within cost of sales on an accruals basis over the period in which such income is earned.

# **E H BOOTH & CO LIMITED**

## **ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **Intangible fixed assets - goodwill**

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life of 5, 7 or 20 years. The periods chosen for writing off goodwill are based on reliable estimates of future cash flows arising from each acquisition. These estimates are reviewed at each reporting date. Provision is made for any impairment.

#### **Tangible fixed assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, with the exception of land, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold and long leasehold buildings	2%
Fixtures, plant and vehicles	4% – 33 $\frac{1}{3}$ % on cost
Assets held under finance leases	evenly over the shorter of the lease period or useful economic life.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Investment properties**

Certain of the group's properties are held for long-term investment. They are initially recognised at cost, which includes purchase cost and any directly attributable expenditure. Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

#### **Fixed asset investments**

Equity investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

#### **Impairment of fixed assets**

The group assesses at each reporting date whether an asset may be impaired. If any such indication exists the group estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the group estimates, the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

#### **Properties held for sale**

Properties previously recognised within fixed assets are transferred to current assets, if the assets are being actively marketed for sale or a sale has been agreed at the reporting date.

## **E H BOOTH & CO LIMITED**

### **ACCOUNTING POLICIES**

#### **FOR THE YEAR ENDED 26 MARCH 2016**

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##### **Stocks**

Stock is valued at the lower of cost and net realisable value. Cost is calculated using the average cost method. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

##### **Financial assets**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# **E H BOOTH & CO LIMITED**

## **ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 26 MARCH 2016**

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### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### **Provisions**

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

### **Leases**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# **E H BOOTH & CO LIMITED**

## **ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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 the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **Foreign currencies**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

The group operates a defined benefit plan for the benefit of its employees. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit asset or liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each reporting date.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. The group recognises a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The group also operates a group personal pension plan. Contributions to this scheme are charged to the income statement as they fall due.



# **E H BOOTH & CO LIMITED**

## **ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimation uncertainties have had the most significant effect on amounts recognised in the financial statements.

#### ***Pension and other post-employment benefits***

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 20.

#### ***Goodwill***

The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### ***Impairment of tangible fixed assets***

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecasts for the next five years and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

#### **1 Turnover**

Turnover represents external sales of goods during the period and is based on a 52 week accounting period (2015: 52 weeks). All turnover is derived from activities carried out in the UK.

#### **2 (Loss)/profit before taxation**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit before taxation is stated after charging/(crediting):		
Cost of stocks recognised as an expense	189,432	192,235
Depreciation of tangible fixed assets	9,864	9,813
Total (profit)/loss on disposal of tangible fixed assets	(2,591)	198
Amortisation of goodwill	428	398
Restructuring costs	1,635	-
Refinancing costs	1,358	-
Impairment of tangible fixed assets	6,745	-
Operating lease rentals of:		
• Land and buildings	5,296	3,188
• Other	237	156

Restructuring costs relate to the overhaul of the store leadership teams as detailed in the Strategic Report on page 3. Refinancing costs comprise bank and professional fees associated with the refinancing, as detailed in note 16.

The group reviewed individual property assets and either the fair value or the value in use calculation has reduced such that an impairment loss was recognised at year end. This is indicative of the current economic conditions and competitive market.

#### **3 Auditor's remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor for the audit of the company's financial statements	42	42
Fees payable to the company's auditor for other services:		
Taxation compliance	8	8
Taxation advisory	12	38
Other services	11	7
	31	53
Fees payable to the company's auditor for the audit of the company's defined benefit pension scheme	4	4

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 MARCH 2016

### 4 Profit on property interests

	2016 £'000	2015 £'000
Share of operating profit of joint venture (note 12)	284	35
Other profit/(losses) on disposal of property interests and other assets	2,756	(349)
Net rental income	433	737
	<u>3,473</u>	<u>423</u>

### 5 Interest payable and similar charges

	2016 £'000	2015 £'000 <i>restated</i>
On bank loans and overdrafts	3,179	2,187
Changes in fair value of derivatives	(560)	(73)
	<u>2,619</u>	<u>2,114</u>

### 6 Staff costs

	2016 £'000	2015 £'000 <i>restated</i>
Wages and salaries	37,589	37,970
Social security costs	2,493	2,456
Other pension costs	2,908	2,774
	<u>42,990</u>	<u>43,200</u>

Breakdown of the average number of employees:

	No.	No.
Central office administration	142	132
Selling and distribution	2,814	2,738
	<u>2,956</u>	<u>2,870</u>

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

#### **7 Directors' remuneration**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Directors' remuneration (including benefits in kind)	1,496	1,335
Highest paid director – emoluments	363	355

As at 26 March 2016 the highest paid director had accrued pension rights of £nil. The director who was highest paid in 2015 had accrued pension rights of £202,026. The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 4 (2015: 4).

#### **8 Taxation**

##### **(a) Tax on (loss)/profit**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Current year</b>		
UK corporation tax at 20% (2015: 21%)	57	(165)
Deferred tax	(48)	620
	9	455
<b>Prior periods</b>		
UK corporation tax	(140)	(159)
Deferred tax	(97)	-
Tax on (loss)/profit (note 8(c))	(228)	296

##### **(b) Tax included in other comprehensive income**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Deferred tax</b>		
Remeasurement gain on defined benefit pension plan	(839)	-

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **8 Taxation**

##### **(c) Reconciliation of tax charge**

The difference between the tax on (loss)/profit (note 8(a) above) and the (loss)/profit before tax multiplied by the applicable rate of corporation tax in the UK is reconciled below:

	<b>2016 £'000</b>	<b>2015 £'000</b>
(Loss)/Profit before tax	<u>(6,495)</u>	<u>1,071</u>
UK corporation tax at the standard rate 20% (2015: 21%)	(1,299)	225
Disallowed depreciation & impairment on non-qualifying assets	1,525	798
Permanent differences relating income & expenses	72	96
Utilisation of tax losses	-	135
Timing differences on pension asset/liability movements	(187)	(236)
Other timing differences	(102)	(563)
Tax overprovided in prior years	<u>(237)</u>	<u>(159)</u>
Tax on (loss)/profit (note 8(a))	<u>(228)</u>	<u>296</u>

##### **(d) Deferred tax**

The amount of unused tax losses is £4.5m (2015: £nil). There is no expiry date on timing differences or unused tax losses.

An analysis of the deferred tax provision is provided in note 17. The expected net reversal of the deferred tax liability in 2016/17 is £nil.

#### **9 Profit attributable to members of the parent company**

The loss after tax but before dividends dealt with in the financial statements of the parent company was £6,286,363 (2015 restated: £867,409 profit). The total comprehensive income of the parent company was £4,306,687 (2015 restated: £1,590,409).

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **10 Intangible fixed assets**

<b>Group and Company</b>	<b>Goodwill £'000</b>
<b>Cost</b>	
At 28 March 2015	5,850
Additions	<u>215</u>
<b>At 26 March 2016</b>	<u>6,065</u>
<b>Amortisation</b>	
At 28 March 2015	3,503
Charge for the year	<u>428</u>
<b>At 26 March 2016</b>	<u>3,931</u>
<b>Net book value</b>	
<b>At 26 March 2016</b>	<u>2,134</u>
<b>At 28 March 2015</b>	<u>2,347</u>

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 26 MARCH 2016

#### 11 Tangible fixed assets

Group	Land and Buildings £'000	Investment Properties £'000	Fixtures, Plant and Vehicles £'000	Total £'000
<b>Cost or valuation</b>				
At 28 March 2015	115,845	1,225	120,442	237,512
Additions	4,240	-	18,205	22,445
Disposals	(1,242)	(875)	(4,336)	(6,453)
Transfer to current assets (note 12)	(4,581)	(350)	-	(4,931)
<b>At 26 March 2016</b>	<b>114,262</b>	<b>-</b>	<b>134,311</b>	<b>248,573</b>
<b>Depreciation</b>				
At 28 March 2015	19,183	-	68,167	87,350
Charge for the year	1,444	-	8,420	9,864
Impairment	6,745	-	-	6,745
On disposals	(422)	-	(3,163)	(3,585)
Transfer to current assets (note 12)	(1,609)	-	-	(1,609)
<b>At 26 March 2016</b>	<b>25,341</b>	<b>-</b>	<b>73,424</b>	<b>98,765</b>
<b>Net book value</b>				
<b>At 26 March 2016</b>	<b>88,921</b>	<b>-</b>	<b>60,887</b>	<b>149,808</b>
At 28 March 2015	96,662	1,225	52,275	150,162

Net book value of land and buildings and investment properties comprises:

	2016 £'000	2015 £'000
Freehold	75,746	84,498
Long leasehold (more than 50 years unexpired)	13,175	13,389
	<b>88,921</b>	<b>97,887</b>
Non-depreciating assets included in land and buildings:		
Freehold	36,543	38,608
Long leasehold (more than 50 years unexpired)	6,651	6,651
	<b>43,194</b>	<b>45,259</b>

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

#### **11 Tangible fixed assets (continued)**

<b>Company</b>	<b>Land and Buildings £'000</b>	<b>Investment Properties £'000</b>	<b>Fixtures, Plant and Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 28 March 2015	100,833	1,225	120,442	222,500
Additions	4,240	-	18,205	22,445
Disposals	(1,242)	(875)	(4,336)	(6,453)
Transfer to current assets (note 12)	(4,581)	(350)	-	(4,931)
<b>At 26 March 2016</b>	<b>99,250</b>	<b>-</b>	<b>134,311</b>	<b>233,561</b>
<b>Depreciation</b>				
At 28 March 2015	17,279	-	68,167	85,446
Charge for the year	1,254	-	8,420	9,674
Impairment	6,745	-	-	6,745
On disposals	(422)	-	(3,163)	(3,585)
Transfer to current assets (note 12)	(1,609)	-	-	(1,609)
<b>At 26 March 2016</b>	<b>23,247</b>	<b>-</b>	<b>73,424</b>	<b>96,671</b>
<b>Net book value</b>				
<b>At 26 March 2016</b>	<b>76,003</b>	<b>-</b>	<b>60,887</b>	<b>136,890</b>
At 28 March 2015	83,554	1,225	52,275	137,054

Net book value of land and buildings and investment properties comprises:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Freehold	68,419	77,071
Long leasehold (more than 50 years unexpired)	7,584	7,708
	<b>76,003</b>	<b>84,779</b>
Non-depreciating assets included in land and buildings:		
Freehold	33,164	35,229
Long leasehold (more than 50 years unexpired)	4,551	4,551
	<b>37,715</b>	<b>39,780</b>



# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **11 Tangible fixed assets (continued)**

The trading assets of the group, excluding those in the asset backed funding arrangement, are pledged as security to both RBS and HSBC. In addition, both banks have a floating debenture over the other assets of the group.

Properties that are actively being marketed for sale at the year end have been transferred to current assets at net book value (see note 12). This includes an investment property of £350,000 revalued at 30 March 2013 by Robert Pinkus & Co, Chartered Surveyors. The directors did not consider that there was a material change in the value of this property up to the reporting date. On a historical cost basis, the net book value of investment properties is £53,815 (2015: £123,139).

#### **12 Investments**

##### **Group**

##### **Investment in joint venture**

The share of assets, liabilities, revenue and loss of the joint venture, which are included in the group financial statements, are as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Share of gross assets	600	1,171
Share of gross liabilities	(135)	(933)
Share of net worth	465	238
Share of turnover	490	5,280
Share of operating profit	284	35
Share of interest payable	-	(25)
Share of profit after taxation and dividends	227	4

On 9 December 2008 the company invested £100 to acquire 50% of the share capital of Booths Partnership Limited (formerly Booths (Penrith) Ltd), a property development company, under a joint venture arrangement. As the year end for the joint venture falls on 31 December, interim accounts have been prepared for group reporting purposes to the group's reporting date. The group's share of the profit for the period and its share of its net worth at 26 March 2016 have been incorporated in the group financial statements under the equity method. Amounts owed at the reporting date are disclosed within the debtors and creditors notes as 'Amounts owed by/(to) joint venture'.

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 MARCH 2016

### 12 Investments (continued)

#### Group

##### Current asset investments

	2016 £'000	2015 £'000
Properties held for sale (transfer from fixed assets – note 11)	3,322	600

#### Company

	Shares in group undertaking £'000	Shares in joint venture £'000	Total £'000
At 28 March 2015 and 26 March 2016	5,083	-	5,083

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

The company holds the ordinary share capital of the following companies:

	Country of registration or incorporation	Principal activity	Shares Held %
<b>Subsidiary undertakings</b>			
Booths Riversway Limited	England & Wales	Dormant	100
Booths (Lytham) Limited	England & Wales	Dormant	100
E.H. Booth (SLP) General Partner Ltd	Scotland	Investment holding undertaking	100
<b>Joint venture</b>			
Booths Partnership Limited	England & Wales	Property development	50

In addition the company has a controlling interest in E H Booth Scottish Limited Partnership, an investment holding undertaking registered in Scotland.

The investment made by the company includes a capital contribution of £5m to E H Booth Scottish Limited Partnership (see note 14). This has been measured at cost on the basis that it represents equity that is not publicly traded and the fair value cannot otherwise be measured reliably.

The group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the financial statements of this qualifying partnership to these financial statements. Separate financial statements for the Partnership are not required to be, and have not been, filed at U.K. Companies House.

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

#### **12 Investments (continued)**

##### **Company**

##### **Current asset investments**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Properties held for sale (transfer from fixed assets - note 11)	3,322	-

#### **13 Stocks**

	<b>Group and Company</b> <b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Goods for resale	16,425	18,349

#### **14 Debtors**

	<b>Group</b> <b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>	<b>Company</b> <b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Prepayments and accrued income – amounts falling due within one year	2,917	2,183	3,560	2,563
Prepayments and accrued income – amounts falling due after more than one year	-	-	19,845	19,936
Other debtors	396	-	396	-
VAT recoverable	51	981	51	981
Corporation tax repayable	-	359	-	365
Amounts owed by joint venture	-	920	-	920
Amounts owed by group undertaking	-	-	-	533
	<b>3,364</b>	<b>4,443</b>	<b>23,852</b>	<b>25,298</b>

In June 2013 the company established the E H Booth Scottish Limited Partnership ('the Partnership') and through the Partnership has entered into a long term pension funding arrangement with the E H Booth & Co Limited Pension & Assurance Scheme.

The Partnership is controlled by E H Booth & Co Limited, and its results are consolidated by the group. The carrying value of the properties sold to the Partnership are leased back to the company on an operating lease basis and remain included on the group's statement of financial position and continue to be depreciated in line with the group's accounting policies with the group retaining full operational control over these properties.

As part of the funding arrangement, during the year ended 29 March 2014, the company made a one off payment to the Pension Scheme of £20m to allow it to invest in the Partnership and this is treated as a prepayment of pension contributions. As the Partnership results are consolidated within the group results no prepayment is recognised in the consolidated financial statements.

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 26 MARCH 2016

#### 14 Debtors (continued)

The element of the prepayment classified as current included within the prepayments figure for the company is £91,000 (2015: £53,000), the remaining balance of £19.845m (2015: £19.936m) is due after more than one year.

#### 15 Creditors – amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
		<i>restated</i>		<i>restated</i>
Bank loans	14,545	3,747	14,545	3,747
Trade creditors	25,903	24,598	25,903	24,598
Other taxes and social security costs	743	729	675	662
Accruals	8,665	7,813	8,665	7,811
Amounts owed to joint venture	572	-	572	-
Finance leases	-	8	-	8
Derivative financial instruments	296	856	296	856
Preference shares	12	12	12	12
	<u>50,736</u>	<u>37,763</u>	<u>50,668</u>	<u>37,694</u>

#### 16 Creditors – amounts falling due after more than one year

	Group and Company	
	2016	2015
	£'000	£'000
<b>Bank loans repayable by instalments:</b>		
Repayable within two years	3,000	75,398
Repayable between two and five years	64,750	147
Repayable after five years	-	33
	<u>67,750</u>	<u>75,578</u>

On 2 July 2015 the company completed a refinancing exercise and the following 3 year facilities were agreed with the Royal Bank of Scotland Group and HSBC:

- A £60m term loan with quarterly instalments of £0.75m;
- A Revolving Credit Facility of £25m (of which £2.5m is undrawn at the year end); and
- A bridging loan of £15m which is repayable by December 2016 with the level of repayment dependent on progress with the disposal of non-core properties.

Bank borrowings are secured against specific properties and other assets and bear interest at between 1.75% and 2.5% over Libor.

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

#### **17 Provision for liabilities and charges**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Deferred taxation</b>				
Balance brought forward	724	104	724	104
Movement to the income statement	694	620	694)	620
Balance carried forward	1,418	724	1,418	724
<hr/>				
The deferred taxation provision represents:				
Accelerated capital allowances	1,978	2,282	1,978	2,282
Taxable losses	(769)	(8)	(769)	(8)
Other timing differences	(630)	(1,550)	(630)	(1,550)
Actuarial gain credited to other comprehensive income	839	-	839	-
	1,418	724	1,418	724
<hr/>				

#### **18 Share capital**

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Equity:</b>		
Ordinary shares of £1 each	1,256	1,256
<hr/>		<hr/>
<b>Non-equity:</b>		
3½% Net cumulative preference shares of £1 each	12	12
<hr/>		<hr/>

#### **Summary of the rights of each class of shareholder:**

##### **Equity – Ordinary shareholders**

Right to participate in all retained profits and assets of the Company and to receive notice of and vote at any General Meeting.

##### **Non-equity – Preference shareholders**

Right to repayment of capital and arrears of dividend in a winding up. No right to receive notice of or vote at any General Meeting unless the preferential dividend is six months in arrears.

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 MARCH 2016

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### 19 Reserves

#### Non-distributable reserve

Where investment properties are measured at fair value a transfer is made to the non-distributable reserve, instead of a transfer to retained earnings, to assist with the identification of profits available for distribution. On disposal of an investment property, the balance within the non-distributable reserve relating to the property is transferred to retained earnings.

#### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

### 20 Pensions

#### Defined benefit scheme

The group operates a funded defined benefit scheme for the benefit of eligible employees. The assets of the scheme are administered by trustees and held separately in a segregated fund. The latest triennial actuarial valuation of the scheme was carried out as at 6 April 2015 by an independent actuary. The scheme has been closed to employees joining the group on or after 1 October 2004. Employees joining the group after that date, if eligible, are invited to join a defined contribution scheme.

During the year the employer standard contribution rate was 13.8% of pensionable salaries and the employee rate was 9.0% of pensionable salary. In addition the employer contributed the annual cost of the Pension Protection Fund levy, insurance premiums and administrative expenses.

In addition to the above the employer operates a scheme to enable employees to enter into salary sacrifice arrangements whereby the employer shall pay additional contributions to the scheme which are equal to the contributions which the member would have paid had he or she not entered into the salary sacrifice arrangement. During the year the amount paid into the scheme under this arrangement was £332,143 (2015: £432,265).

Amounts recognised in the statement of financial position are as follows:

	2016 £'000	2015 £'000
Present value of funded obligations	(77,244)	(86,667)
Fair value of scheme assets	82,179	79,234
<b>Net defined benefit asset/(liability)</b>	<b>4,935</b>	<b>(7,433)</b>

The pension scheme assets include £118,818 (2015: £118,818) of the company's own financial instruments (ordinary and preference shares), but do not include any property occupied by, or other assets used by, the company.

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 26 MARCH 2016**

### **20 Pensions (continued)**

**Amounts recognised in the Income statement are as follows:**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b> <i>restated</i>
Current service cost	1,494	1,397
Administrative expenses	87	29
Net finance charge	201	337
	<u>1,782</u>	<u>1,763</u>

**Analysis of amounts recognised in the Statement of Comprehensive Income:**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b> <i>restated</i>
Experience loss/(gain)	840	(13,562)
Actuarial (gain)/loss	<u>(12,272)</u>	<u>12,839</u>
	(11,432)	(723)
Deferred tax on defined benefit asset	<u>839</u>	<u>-</u>
	<u>(10,593)</u>	<u>(723)</u>

**Changes in the present value of scheme liabilities are as follows:**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b> <i>restated</i>
Opening defined benefit obligation	(86,667)	(74,533)
Current service cost	(1,494)	(1,397)
Interest cost	(2,836)	(3,093)
Contributions by scheme members	(246)	(277)
Actuarial gain/(loss) on liabilities	12,272	(12,839)
Benefits paid	<u>1,727</u>	<u>5,472</u>
<b>Closing defined benefit obligation</b>	<u>(77,244)</u>	<u>(86,667)</u>

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 MARCH 2016

### 20 Pensions (continued)

Changes in the fair value of scheme assets are as follows:

	2016 £'000	2015 £'000 <i>restated</i>
Opening fair value of scheme assets	79,234	65,251
Interest income	2,635	2,756
Experience (loss)/gain	(840)	13,562
Contributions by employer	2,718	2,889
Contributions by scheme members	246	277
Administrative expenses	(87)	(29)
Benefits paid	(1,727)	(5,472)
<b>Closing fair value of scheme assets</b>	<b>82,179</b>	<b>79,234</b>

	2016 £'000	2015 £'000
<b>Actual return on scheme assets</b>	<b>1,795</b>	<b>16,318</b>

Projected pension expense for the following year:

	2016 £'000
Current service cost	1,469
Administrative expenses	88
Net finance credit	(221)
	<b>1,336</b>

Cash flow data:

	2016 £'000	2015 £'000
Employees' regular contributions	246	277
Employers' regular contributions	1,579	1,769
CAR income received	1,139	1,120
Less Pension paid	(1,058)	(980)
Less Retirement lump sums paid	(356)	(306)
Less Transfers out	(202)	(4,065)
Less Death in service premium	(111)	(119)
Administrative expenses paid	(87)	(29)
<b>Net cashflow over the period</b>	<b>1,150</b>	<b>(2,333)</b>



# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 26 MARCH 2016

#### 20 Pensions (continued)

Expected company contributions for the year to 1 April 2017 are £2.5m. The funding policy is agreed between the scheme trustees and the company and is formally set out in a Statement of funding principles, scheme of contributions and recovery plan following each full actuarial valuation.

The assets of the scheme are invested as follows:

	2016 %	2016 £'000	2015 %	2015 £'000
Secured pension assets	3.35	2,756	4.10	3,249
Hedge funds	5.03	4,135	8.00	6,339
Liability driven investments	29.45	24,198	34.80	27,573
Diversified growth fund	19.56	16,072	21.40	16,956
Diversified credit	33.89	27,854	23.30	18,462
Credit	8.39	6,897	8.00	6,339
Cash	0.33	267	0.40	316
	100.0	82,179	100.0	79,234

Financial assumptions determined are set out below:

	2016 %	2015 %
Discount rate	3.55	3.30
RPI inflation	3.10	3.10
CPI inflation	2.10	2.10
Salary increases	3.10	3.10
Pension increases – RPI max 5%	3.00	3.00
Pension increases – RPI max 2.5%	2.05	2.05
Pension increases – CPI max 2.5%	1.75	1.75

Duration of the scheme liabilities have been estimated to be 21 years and calculations have been carried out using best estimate assumptions. The financial assumptions have been derived in a consistent manner to prior years.

Demographic assumptions determined are set out below:

	2016 Yrs	2015 Yrs
Current life expectancy at age 63 - Male	22.2	22.4
Current life expectancy at age 63 - Female	24.3	24.6
Life expectancy at age 63 of a member currently aged 43 - Male	24.0	23.8
Life expectancy at age 63 of a member currently aged 43 - Female	26.3	25.8
	%	%
Proportion married – Male	80.0	80.0
Proportion married – Female	70.0	70.0
Cash commutation (maximum tax free cash available)	67.0	67.0

Demographic assumptions are consistent with those adopted for the 6 April 2015 triennial actuarial valuation apart from the mortality assumptions. The mortality assumptions is in line with the neutral assumptions included in the preliminary results for the 6 April 2015 triennial actuarial valuation, with the future improvements updated to the latest table (i.e. S2PXA, year of birth table with a +2 year age rating with future improvements in line with the CMI 2015 projection model and a long term trend rate of 1.25% p.a.).

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 MARCH 2016

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### 20 Pensions (continued)

#### Sensitivity analysis on the defined benefit obligations:

	2016 Increase/(decrease) in obligations £'000
Increase of 0.25% in discount rate	(3,575)
Decrease of 0.25% in discount rate	3,838
Increase of 0.1% in inflation	977
Decrease of 0.1% in inflation	(910)
Increase of one year in life expectancy	1,909

#### Asset backed funding arrangement

During June 2013 the company established the E H Booth Scottish Limited Partnership ('the Partnership') and through the Partnership has entered into a long term pension funding arrangement with the Pension Scheme.

Under this arrangement certain property assets were transferred into the Partnership and are being leased back to E H Booth & Co Limited under a 25 year operating lease arrangement, generating an income stream of £1.1m per annum for the Pension Scheme, increasing annually in line with inflation.

This arrangement fully removed, at the time, the requirement for any future deficit reduction contributions, which have effectively been replaced by the agreed income stream payments.

The Partnership is controlled by E H Booth & Co Limited and its results are consolidated by the group. The value of the properties transferred into the Partnership remains included on the group's balance sheet with the group retaining full operational control over these properties.

At the end of the term of the relevant lease, or earlier if the Scheme becomes fully funded to the extent that the members' benefits can be secured with an insurance company, the company has the option to repurchase the properties in the Partnership for an agreed fixed price.

The directors consider the investment held by the Scheme in the Partnership, a consolidated entity, does not represent a plan asset for the purpose of the both the group and company's accounts. Accordingly, the pension scheme valuation presented above in these accounts does not reflect the £20.7m investment in the Partnership held by the Scheme, which represents the valuation carried out on 6 April 2015.

The distribution of Partnership profits to the Scheme is reflected as pension contributions in these accounts on a cash basis.

#### Defined contribution scheme

The defined contribution scheme assets are administered in funds independent from those of the group. Total contributions paid in the year were £933,778 (2015: £1,046,719).

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 26 MARCH 2016

#### 21 Operating lease commitments

At 26 March 2016 total minimum lease payments under non-cancellable operating leases as follows:

Group	2016 £'000 Land and Buildings	2016 £'000 Other Items	2015 £'000 Land and Buildings	2015 £'000 Other Items
Not later than one year	5,296	237	5,296	237
Later than one and not later than five years	21,482	528	21,482	765
Later than five years	124,571	-	129,867	-
	151,349	765	156,645	1,002

Company	2016 £'000 Land and Buildings	2016 £'000 Other Items	2015 £'000 Land and Buildings	2015 £'000 Other Items
Not later than one year	6,649	237	6,649	237
Later than one and not later than five years	26,895	528	26,895	765
Later than five years	148,039	-	154,688	-
	181,583	765	188,232	1,002

#### 22 Capital commitments

The group had contracted commitments at the year end totalling £nil (2015: £19.1m).

#### 23 Ultimate controlling party

There is no ultimate controlling party.

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 26 MARCH 2016**

### **24 Related party transactions**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Group and company</b>		
Dividends paid to directors	20	20
Total Key Management Personnel remuneration (including benefits in kind)	2,123	1,860
Key Management Personnel are considered to be the Board of Directors and the Operating Board.		
<b>Company</b>		
Transactions with entities over which the company has joint control:		
Rental income received	55	55
Amount due at year end	15	15
Inter-company loan repaid	1,492	135
Amount (owed to) / due from joint venture at year end	(572)	920

### **25 Financial instruments**

The carrying amounts of the company's financial instruments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 £'000</b>	<b>2015 £'000</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Carrying amount of financial assets</b>				
Equity instruments measured at amortised cost	465	238	5,083	5,083
Debt instruments measured at amortised cost	447	2,260	447	2,793
	912	2,498	5,530	7,876
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit and loss	296	856	296	856
Measured at amortised cost	118,190	112,485	118,122	112,416
	118,486	113,341	118,418	113,272

Equity instruments measured at amortised cost relate to fixed asset investments (note 12). Debt instruments measured at amortised cost comprise elements of debtors (note 14). Financial liabilities comprise creditors (notes 15 and 16).

# E H BOOTH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 26 MARCH 2016

#### 25 Financial instruments (continued)

The income, expenses, net gains and net losses attributable the company's financial instruments are summarised as follows:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Income/(expenses)</b>				
Financial assets measured at amortised cost	-	-	214	211
Financial liabilities measured at amortised cost	(2,503)	(1,414)	(2,556)	(1,406)
	(2,503)	(1,414)	(2,342)	(1,195)
	<u>2</u>	<u>5</u>	<u>2</u>	<u>5</u>
<b>Net gains/(losses), including changes in fair value</b>				
Financial assets measured at amortised cost	227	4	-	-
Financial liabilities measured at fair value through profit or loss	560	73	560	73
	787	77	560	73
	<u>787</u>	<u>77</u>	<u>560</u>	<u>73</u>

Income and expenses arising from financial assets and liabilities comprise the return on fixed asset investments and interest payable on borrowings. The total interest expense for financial liabilities that are not measured at fair value through profit or loss was £2,503,313 (2015: £1,414,808).

Gains and losses arising from financial assets and liabilities comprise the gain on fixed asset investments and the change in fair value of derivative financial instruments. The company uses interest rate swap contracts (derivative financial instruments) to hedge against adverse changes in the interest rates on the bank loans. These contracts expire in September 2016. The fair value of the contracts at each reporting date has been determined by third-party valuation.

#### 26 Restatement of financial statements

The group transitioned from previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 102 as at 30 March 2014. As part of the transition to FRS 102 the directors have reviewed all existing accounting policies and taken the opportunity to reclassify the redemption of Booths vouchers issued to customers as a deduction from turnover rather than cost of sales. This adjustment has not affected profit.

The impact of the transition to FRS 102 is as follows:

Reconciliation of the financial position	Group		Company	
	28 March	30 March	28 March	30 March
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Original shareholders' funds under previous UK GAAP	66,109	64,973	77,893	76,664
Financial instruments at fair value	(856)	(929)	(856)	(929)
Restated shareholders' funds under FRS102	65,253	64,044	77,037	75,735
	<u>65,253</u>	<u>64,044</u>	<u>77,037</u>	<u>75,735</u>

# **E H BOOTH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 26 MARCH 2016**

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#### **26 Restatement of financial statements (continued)**

##### **Reconciliation of the profit for the year ended 28 March 2015**

	<b>Group £'000</b>	<b>Company £'000</b>
Profit for the year under previous UK GAAP	1,337	1,430
Reclassification of pension scheme charge	(635)	(635)
Financial instruments at fair value	<u>73</u>	<u>73</u>
Restated profit for the year under FRS 102	<u>775</u>	<u>868</u>

The following were changes in accounting policies arising from the transition to FRS102:

##### **Financial instruments**

Interest rate swaps (derivatives) are now recorded on the statement of financial position at fair value and accounted for at fair value. At each reporting date they are remeasured to fair value, with the change in value being charged or credited to the income statement. Under previous UK GAAP the value of these contracts was not recognised on the balance sheet. Additional interest payable or interest received, as a result of these contracts, continues to be charged or credited to the income statement in the period to which they relate.

##### **Defined benefit pension scheme**

There is a reclassification under FRS 102 whereby net interest on the net defined benefit pension asset/liability is presented in the income statement using the liability discount rate. Under previous UK GAAP the interest on the expected return on net assets was calculated using an expected asset return discount rate. This had no impact on shareholders equity on transition but affects the allocation of interest between the income statement and other comprehensive income.

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS 102 requires that the net interest on the net defined benefit asset/liability is calculated using the liability discount rate for the scheme. As such there was a decrease in profit arising from this adjustment which was offset by a corresponding increase in other comprehensive income.