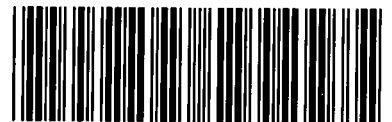




Annual Report  
for the year ended  
31 March 2018

E.H. Booth & Co ~~Ltd~~ LIMITED

THURSDAY



A18 \*A7FCGATM\*  
27/09/2018 #258  
COMPANIES HOUSE



## Contents

Company Details	1
Strategic Report	2
Directors' Report	8
Independent Auditor's Report to the Members	10
Group Income Statement	13
Group Statement of Comprehensive Income	13
Statements of Financial Position	14
Statements of Changes in Equity	15
Group Statement of Cash flows	16
Accounting Policies	17
Significant Judgements and Estimates	22
Notes to the Financial Statements	23



## Company Details

**Directors**

E J Booth, DL (Chairman and Chief Executive Officer)  
S K Booth  
D G Booth  
N Murray  
R A Faith  
K J Roberts

**Secretary**

J A P Vandermeer

**Registered Office**

Booths Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX

**Company Number**

00049933

**Auditor**

MHA Moore and Smalley  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP



## Strategic Report

### 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 2017/18 continued to be challenging with price deflation, competition and market uncertainty contributing to the company's trading performance. Although this performance has been down overall, there has been continued improvement in trading since the Board changes in May 2017 and the decision was made to invest in core pricing across a number of product areas to stimulate footfall and improve our convenience offer.

Overall sales declined by 2.0% or £5.3m. Performance is not comparable year on year due to a 53 week period last year and non-comparable Easter trading periods. By stripping out these numbers, underlying comparable sales were only 1.3% or £3.3m down year on year, all of which was in the first half of 2018. The trajectory in performance during the year has been pleasing with rolling 12 week like for sales improving from a low of -7% in the first half to flat by the year end (after stripping out the effect of a non-comparable Easter sales period).

The "Dear Booths" weekly customer survey, which allows us to measure our progress in each of the main areas of the Booths offer – Value, Product Range, Service, Availability and Store Environment, against our strategy of "Making the Difference" continued to show healthy market leading scores with an average score of 64% satisfaction, up 2% on last year and reaching a peak of 70% in December 2017. One key area of improvement in our score was within price and value, following our core price investment in June 2017 across some 250 lines.

Gross margin has come under pressure from lower trading results along with continued pressure from national living wage employment cost increases, however these have been set off by a re-focus on reducing non trading operating costs across the company leading to a trading loss of £2.2m, which is in line with last year after taking into account the £1m one-off income received on our Burscough site releasing the landlord from a non-compete clause in our lease.

The loss before taxation has more than halved to £5.5m (last year was £13.5m) after taking into account; £1.6m of profit on disposal of properties relating to the disposal of non-core assets, a £1.4m profit from the reversal of a prior year property impairment, £1.1m of restructuring costs, £0.4m of refinancing costs, £1.1m of impairment of a lease premium and £3.6m of interest costs of which £2.4m was paid in cash – in line with last year's accounts.

The company has continued to develop Booths branded products and the range now exceeds 1000 lines. In September we were awarded the Decanter Magazine "Supermarket of the Year" in addition to several of our Booths wines being recognised for their excellence. In Summer 2017 Booths were awarded 19 commendations at the world renowned Nantwich Cheese Show and were one of the top 3 retail winners at the event. In September we launched a new range of Food to Go products and not only did Booths win the new Product Development award at the "Sammies" but also won the overall "Food to Go Retailer of the Year" too. It is a credit to our trading teams that we are able to stand shoulder to shoulder with the best in the industry.

During the year we concluded an agreement to supply Booths branded products to Amazon Fresh in over 300 London postcode areas and have also been growing the wholesale supply business here in the North West providing welcome volume for the manufacturing and packing factories.

In the fourth quarter of the year we commenced a reorganisation of the central services and formed a revitalised executive team who now work alongside the Executive Directors to transform the company as we rediscover the character and values that our customers love.

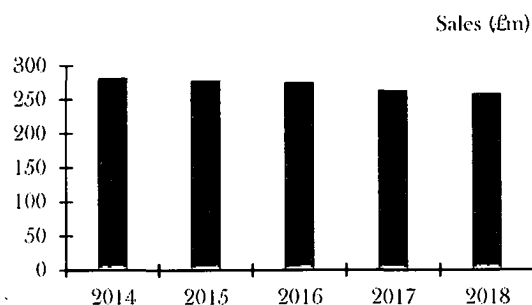


## Strategic Report

### Key Financial Indicators

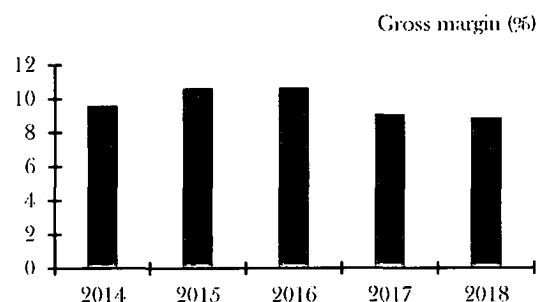
#### Sales

Sales at £258.1m were down by 2.0% compared to prior year. After normalising for the 53<sup>rd</sup> week in 2017 and non-comparable Easter periods, sales were only 1.3% down with all of this underperformance coming in the first half.



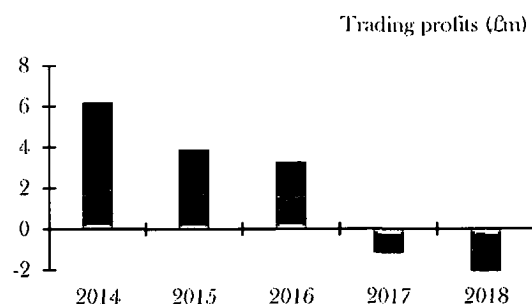
#### Gross margin

The gross profit margin at 8.9% is lower compared to the prior year which was 9.1%. This decline is principally down to a drop of 0.4% in product trading margin driven by a change in the mix of sales and price investment in core lines, offset by an improvement in operating costs.



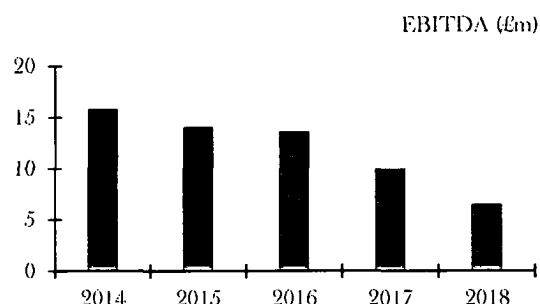
#### Trading profit/(loss)

A trading loss of £2.2m for the financial year compares to a trading loss of £1.2m in the previous year. By stripping out the one-off rental income gain on Burscough site, the trading loss is in line with last year.



#### EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation (excludes profits/(losses)) on disposal of property interests and other assets & exceptional items) at £6.5m.





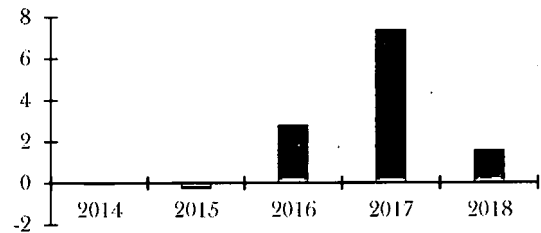
## Strategic Report

### Key Financial Indicators *(continued)*

#### Profits on disposal of property interests and other assets

Profits on disposal of property interests was £1.6m, down by £5.8m on the prior year. Whilst down year on year, the proceeds from these property divestments supported the reduction in Bank Debt as agreed prior to the signing of the Amend & Extend Agreement in October 2017.

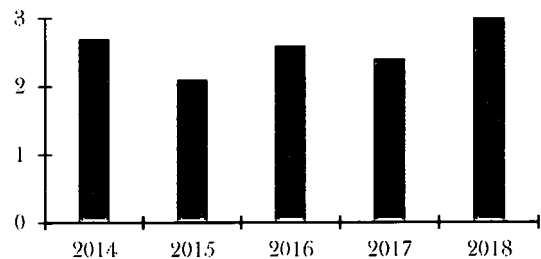
Profit on sale of property interests & other assets (£m)



#### Interest payable

Interest payable and similar charges increased by £1.2m to £3.6m. This is down to a future accrual in line with FRS102 which has not been expensed in cash. Year on year cash expense is flat at £2.4m.

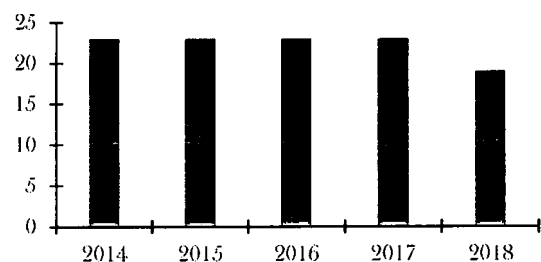
Interest payable & similar charges (£m)



#### Dividends paid

Total dividend for the year was 19p compared to 23p in the previous year. Given the drop in underlying EBITDA, the Directors did not approve an interim dividend in March 2018 until the company has seen sustainable growth going forward.

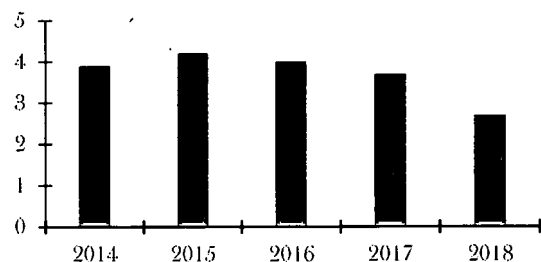
Dividends paid (pence)



#### Group pension contributions

Cash contributions to the group's pension schemes have fallen by £1.0m to £2.7m, as a result of the closure of the defined benefit scheme to future accrual in 2017. The defined benefit pension scheme continues to benefit from rental income received from the Asset Backed funding arrangement.

Group pension contributions (£m)



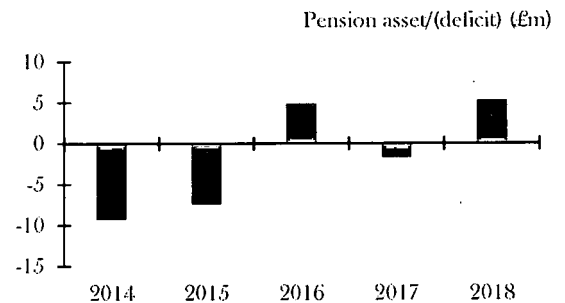


## Strategic Report

### Key Financial Indicators *(continued)*

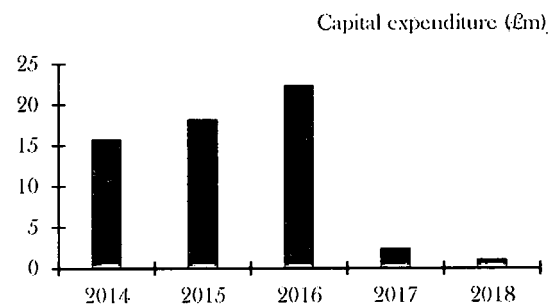
#### Pension asset/(deficit)

The defined benefit pension scheme provision has improved from a deficit of £1.7m to an asset of £5.3m. Assets have remained fairly stable at £97.3m compared to £97.4m in the previous year. Liabilities have decreased by £7.1m to £92.0m over the period, mainly due to actuarial rates being adjusted to reflect updated market data.



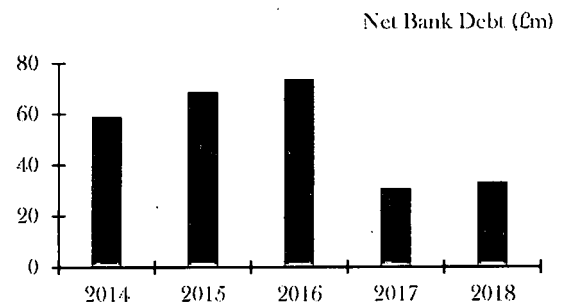
#### Capital expenditure

Spending on capital items during the year totalled £1.1m compared to £2.5m in the prior year. 2018 was a year for consolidation and evaluation of which projects needed priority going into 2019, which has been quantified at £1.8m.



#### Net bank debt

Net bank debt increased from £30.8m to £33.2m. Whilst on the face of it, net debt has risen by £2.4m year on year, it has actually fallen by £4.4m as £6.8m of VAT and CGT liabilities had been received in the form of cash from the Ground Rent Transaction at the 2017 year end but hadn't been paid over to authorities until 2018. Therefore net debt has fallen from an adjusted £37.6m to £33.2m.





# Strategic Report

## 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 a Booths Loyalty Card which gives benefits to customers 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 17 to the accounts.

#### Interest rate

The group is exposed to interest rate fluctuations on the bank borrowings and enters into interest rate swaps where it is felt appropriate by the Group Board.

#### 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 and considers forward exchange contracts for major foreign currency exposure where appropriate.

#### Energy

The business operates risk management processes for the procurement of both electricity and gas contracts.

## 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.





## Strategic Report

### Financial Year 2018/19

Following all the key changes in 2018, the company has established a stable trading platform that will support its ability to trade within a highly intensive, competitive and fragmented market. The investment in price alignment along with expanding the choice and quality of Booths brand products will give us the platform to improve performance along with a renewed focus on what makes our business special.

Following the review of the company's cost base, savings have been reinvested in store service with early indications that the Booths shopping experience is greatly improved. The marketing function has been reconstructed and the company continues to investigate and invest in new channels to market as it continues to develop new business outside the North West.

The 2017/18 year was fraught with disruption which created the opportunity to reimagine how Booths should grow as a reliable, responsive and attractive provider of high quality groceries. It was a year of two halves with swift action to identify key issues and action taken to recover underlying performance upon which we will now build to create a modern, fit for purpose Booths.

As part of the divestment programme to reduce bank debt to a more manageable level going forward the Board signed Heads of Terms on 4<sup>th</sup> July 2018 to sell the South Lancaster land for a gross consideration of £5.1m. This has been treated as a current asset investment.

I have had sterling support from too many people to mention who have gone the extra mile to make a real difference and as we continue our journey to recovery I look forward to ensuring that every colleague is supported to be the best they can be.

Disruption is the new normal and we will take every opportunity to create value for our customers and the company.

This report was approved by the board on 13 July 2018 and signed on its behalf.

**E.J. Booth, DL – Chairman and Chief Executive Officer**

Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX



## Directors' Report

The directors have pleasure in submitting their one hundred and twentieth annual report, together with the audited financial statements for the group for the year ended 31 March 2018.

### Directors

The directors who served during the year are shown below:

E J Booth, DL (Chairman)  
S K Booth  
D G Booth  
M Rothwell (resigned 1 July 2017)  
N Murray (appointed 1 July 2017)  
R A Faith (appointed 1 July 2017)  
K J Roberts (appointed 1 July 2017)  
C J Dee (resigned 12 May 2017)

### Dividends

Dividends paid out for the period were £239,000 (2017: £289,000). The directors do not recommend a final dividend (2017: 19p)

### 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 group'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 2 to 7. The financial position of the group (and company), its cash flows, liquidity position and borrowing facilities are presented on pages 14 and 16 and in note 17 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 group 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 group 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 risk management are provided in the Strategic Report on page 6.

### Future developments

There are no plans to open any new stores over the coming 12 months as the company focuses on driving improvements in sales and profitability. Further details of future developments are provided in the Strategic Report on page 7.



## Directors' Report

### 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 2017/18, which has been renewed for 2018/19.

### 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 13 July 2018 and signed on its behalf.

**E J Booth, DL - Chairman**  
Central Office  
Longridge Road  
Ribbleton  
Preston  
PR2 5BX



## Independent Auditor's Report to the Members of E H Booth & Co Limited

### Opinion

We have audited the financial statements of E H Booth & Co Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group Income Statement, 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, including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018, and of its profit 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## Independent Auditor's Report to the Members of E H Booth & Co Limited

### **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.

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

In the light of our knowledge and understanding of the group and the parent 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.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## Independent Auditor's Report to the Members of E H Booth & Co Limited

### Use of report

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

**Jonathan Pinder (Senior Statutory Auditor)**  
**For and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**  
**Statutory Auditor**

Richard House  
Winckley Square  
Preston  
PR1 3HP

13 July 2018



## Group Income Statement for the year ended 31 March 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	1	258,097	263,434
Cost of sales		(235,236)	(239,517)
<b>Gross profit</b>		22,861	23,917
Administrative expenses		(25,392)	(26,844)
Other net income	4	309	1,757
<b>Trading loss</b>		(2,222)	(1,170)
Profit on disposal of property interests and other assets		1,559	7,423
Other exceptional charges	5	(1,242)	(17,593)
		(1,905)	(11,340)
Net finance (charge)/credit on defined benefit pension scheme	19	(30)	210
Interest payable and similar expenses	6	(3,596)	(2,373)
<b>Loss before taxation</b>	2	(5,531)	(13,503)
Tax on loss	9	552	(1,308)
<b>Loss for the financial year</b>		(4,979)	(14,811)

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

## Group Statement of Comprehensive Income for the year ended 31 March 2018

	Note	2018 £000	2017 £000
<b>Loss for the financial year</b>		(4,979)	(14,811)
<b>Other comprehensive income/(loss)</b>			
Remeasurement gain/(loss) on defined benefit pension plan	19	4,983	(7,368)
<b>Total comprehensive income/(loss) for the year</b>		4	(22,179)



## Statement of Financial Position as at 31 March 2018

	Note	Group		Company	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Fixed assets</b>					
Intangible assets	11	1,243	1,685	1,243	1,685
Tangible assets	12	113,316	123,715	100,779	110,988
Investments	13	(70)	1	5,083	5,083
		114,489	125,401	107,105	117,756
<b>Current assets</b>					
Stocks	14	14,610	15,424	14,610	15,424
Debtors – amounts falling due within one year	15	3,834	3,550	4,305	4,011
Debtors – amounts falling due after more than one year	15	-	-	19,623	19,711
Investments – properties held for sale	13	4,406	152	4,406	152
Cash at bank and in hand		4,171	8,404	3,877	8,119
		27,021	27,530	46,821	47,417
<b>Creditors – amounts falling due within one year</b>	16	(25,912)	(36,882)	(25,841)	(36,813)
<b>Net current (liabilities)/assets</b>		1,109	(9,352)	20,980	10,604
<b>Total assets less current liabilities</b>		115,598	116,049	128,085	128,360
<b>Creditors – amounts falling due after more than one year</b>	17	(72,343)	(66,200)	(72,343)	(66,200)
		43,255	49,849	55,742	62,160
<b>Provision for liabilities and charges</b>	18	(1,974)	(1,292)	(1,974)	(1,292)
<b>Net assets excluding pension asset/liability</b>		41,281	48,557	53,768	60,868
Defined benefit pension asset/(liability)	19	5,306	(1,735)	5,306	(1,735)
<b>Net assets</b>		46,587	46,822	59,074	59,133
<b>Capital and reserves</b>					
Called up share capital	20	1,256	1,256	1,256	1,256
Profit and loss account	21	45,331	45,566	57,818	57,877
<b>Shareholders' funds</b>		46,587	46,822	59,074	59,133

These financial statements were approved and authorised for issue by the board on 13 July 2018.

Signed on behalf of the board of directors

EJ Booth, DE – Director

D G Booth – Director

Company Number 00049933





## Statement of Changes in Equity as at 31 March 2018

Group	Share capital £000	Non- distributable reserve £000	Profit and loss account £000	Total £000
At 26 March 2016	1,256	296	67,738	69,290
Loss for the year	-	-	(14,811)	(14,811)
Remeasurement loss on defined benefit pension plan	-	-	(8,207)	(8,207)
Tax on components of other comprehensive loss	-	-	839	839
Transfers	-	(296)	296	-
Dividends	-	-	(289)	(289)
At 1 April 2017	1,256	-	45,566	46,822
Loss for the year	-	-	(4,979)	(4,979)
Remeasurement gain on defined benefit pension plan	-	-	5,885	5,885
Tax on components of other comprehensive gain	-	-	(902)	(902)
Dividends	-	-	(239)	(239)
<b>At 31 March 2018</b>	1,256	-	45,331	46,587

Company	Share capital £000	Non- distributable reserve £000	Profit and loss account £000	Total £000
At 26 March 2016	1,256	296	79,502	81,054
Loss for the year	-	-	(14,264)	(14,264)
Remeasurement loss on defined benefit pension plan	-	-	(8,207)	(8,207)
Tax on components of other comprehensive loss	-	-	839	839
Transfers	-	(296)	296	-
Dividends	-	-	(289)	(289)
At 1 April 2017	1,256	-	57,877	59,133
Loss for the year	-	-	(4,803)	(4,803)
Remeasurement gain on defined benefit pension plan	-	-	5,885	5,885
Tax on components of other comprehensive gain	-	-	(902)	(902)
Dividends	-	-	(239)	(239)
<b>At 31 March 2018</b>	1,256	-	57,818	59,074



## Group Statement of Cash Flows for the year ended 31 March 2018

	2018		2017	
	£000	£000	£000	£000
<b>Cash flow from operating activities</b>				
Loss for the year before taxation	(5,531)		(13,503)	
Amortisation & depreciation of tangible fixed assets	8,726		11,208	
(Reversal of)/Impairment of property portfolio	(1,400)		16,989	
Net finance charge/(credit) on pension scheme asset/liability	30		(210)	
Profit on disposal of property interests and other assets	(1,559)		(7,423)	
Interest payable and similar expenses	3,596		2,373	
Pension contributions paid in excess of current year service cost	(1,186)		(1,327)	
Share of operating loss/(profit) of joint venture	73		(14)	
Decrease in stocks	814		1,001	
Increase in debtors	(177)		(186)	
Decrease in creditors	(885)		(10,287)	
Corporation tax paid	(405)		-	
VAT arising on ground rent transaction	(6,369)		6,369	
<b>Net cash flow from operating activities</b>		(4,273)		4,990
<b>Cash flow from investing activities</b>				
Dividends received from joint venture	-		489	
Payments to acquire tangible fixed assets	(1,103)		(2,484)	
Receipts from sale of tangible fixed assets	1,945		11,422	
<b>Net cash flow from investing activities</b>		842		9,427
<b>Cash flow from financing activities</b>				
Interest paid	(2,480)		(2,669)	
Repayments of loans	(1,815)		(43,063)	
Proceeds from ground rent transaction	3,732		31,267	
Dividends paid	(239)		(289)	
<b>Net cash flow from financing activities</b>		(802)		(14,754)
<b>Net decrease in cash and cash equivalents</b>		(4,233)		(337)
<b>Cash and cash equivalents brought forward</b>		8,404		8,741
<b>Cash and cash equivalents carried forward</b>		4,171		8,404
<b>Cash and cash equivalents consists of:</b>				
Cash at bank & in hand		4,171		8,404



## Accounting Policies for the year ended 31 March 2018

### **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, Ribbleson, 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.

### **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 8.

### **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 income statement and a consolidated statement of comprehensive income are published, separate statements 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 and the issue of complementary newspapers 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.



## Accounting Policies for the year ended 31 March 2018

### **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% on cost
Fixtures, plant and vehicles	4% – 50% 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.

### **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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **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.

### **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.



## Accounting Policies for the year ended 31 March 2018

### **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, ground rent liabilities, 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. Trade payables 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.



## Accounting Policies for the year ended 31 March 2018

### **Ground rent transaction**

In March and April 2017, the company undertook financing transactions whereby it exchanged a 999-year long lease for a 175-year long lease on 14 of its stores (see note 17) and net consideration of £235.0m. These asset-backed financing arrangements have been treated as financing transactions as the directors consider this to best reflect the commercial substance of the transactions. Therefore these have been accounted for in accordance with FRS 102 Section 11: Basic Financial Instruments.

As the transactions have not resulted in a change to the risks and rewards incidental to ownership, the properties continue to be recognised at the previous carrying amounts and no disposal has been recognised.

The proceeds from the transaction are recognised as the initial liability. Annual 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 (see note 16 and 17).

### **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.



## Accounting Policies for the year ended 31 March 2018

### **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.



## Significant Judgements and Estimates for the year ended 31 March 2018

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. Further details and the carrying amounts are disclosed in note 19.

### **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. The carrying amounts are disclosed in note 11.

### **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. The carrying amounts are disclosed in note 12.

### **Accounting for the ground rent transactions**

The directors have concluded that the transactions have not resulted in a change to the risks and reward incidental to ownership, nor the useful economic lives or residual values. Therefore accounting for the transactions as financing transactions (under FRS 102 Section 11: Basic Financial Instruments) best reflects the commercial substance of the transactions. This means no disposal has been recognised and the properties continue to be recognised at the previous carrying amounts.

The ground rent liabilities, included within creditors in the financial statements, represent a variable rate financial instrument, as the repayments are subject to an annual inflation adjustment. The initial liability is measured at the net proceeds received with an effective interest rate calculated based on expectations of future estimated cash flows. At the end of each future reporting period the effective interest rate is adjusted by comparing the carrying amount to the present value of new estimated future cash flows. The interest charged to the profit and loss account each year is based on this effective rate which factors in the impact of inflation of future lease payments. The carrying amounts are disclosed in notes 16 and 17.





## Notes to the Financial Statements for the year ended 31 March 2018

### 1 Turnover

Turnover represents external sales of goods during the period and is based on a 52 week accounting period (2017: 53 weeks). All turnover is derived from activities carried out in the UK.

### 2 Loss before taxation

	2018 £000	2017 £000
Loss before taxation is stated after charging/(crediting):		
Cost of stocks recognised as an expense	177,116	179,596
Depreciation of tangible fixed assets	8,284	10,759
Amortisation of goodwill	442	449
Operating lease rentals of:		
• Land and buildings	5,791	5,454
• Other	530	404
	<hr/>	<hr/>

### 3 Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the company's auditor for the audit of the company's financial statements	43	42
	<hr/>	<hr/>
Fees payable to the company's auditor for other services:		
Taxation compliance	14	11
Taxation advisory	2	36
Other services	5	31
	<hr/>	<hr/>
	21	78
	<hr/>	<hr/>
Fees payable to the company's auditor for the audit of the company's defined benefit pension scheme	4	4
	<hr/>	<hr/>

### 4 Other net income

	2018 £000	2017 £000
Share of operating (loss)/profit of joint venture (note 13)	(73)	14
Net rental income	382	1,743
	<hr/>	<hr/>
	309	1,757
	<hr/>	<hr/>



## Notes to the Financial Statements for the year ended 31 March 2018

### 5 Other exceptional charges

	2018 £000	2017 £000
Refinancing costs	404	324
Pension scheme closure costs	-	280
Restructuring costs	1,133	-
Impairment of lease premium	1,105	-
(Reversal of)/Impairment of property portfolio	(1,400)	16,989
	1,242	17,593

Refinancing costs comprise professional fees associated with the 'amend and extend' of existing bank facilities and indirectly associated with the ground rent transactions (see note 17).

Pension scheme closure costs incurred in the prior year comprise professional fees and one-off costs relating to the closure of the defined benefit pension scheme to future accrual.

Restructuring costs comprise professional fees and one-off costs relating to a restructuring of the business operations during the year.

In the prior year following a review of our store estate, we took an impairment charge of £17.0m against some of our trading stores and two sites held for future development, the review assessed the carrying value of individual property assets against their value in use and their fair value, with an impairment charge recognised as appropriate. During the current year £1.4m of this impairment charge was reversed following a change in circumstances, however an additional provision was recorded against a lease premium of £1.1m.

### 6 Interest payable and similar charges

	2018 £000	2017 £000
On bank loans and overdrafts	1,334	2,641
On ground rent liabilities: cash	1,147	28
On ground rent liabilities: non-cash	1,115	-
Changes in fair value of derivatives	-	(296)
	3,596	2,373



## Notes to the Financial Statements for the year ended 31 March 2018

### 7 Staff costs

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Wages and salaries	39,701	39,113
Social security costs	2,553	2,594
Other pension costs	1,536	2,366
	<u>43,790</u>	<u>44,073</u>
Breakdown of the average number of employees:	<b>No.</b>	<b>No.</b>
Central office administration	160	162
Selling and distribution	2,583	2,616
	<u>2,743</u>	<u>2,778</u>

### 8 Directors' remuneration

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Directors' remuneration (including benefits in kind)	1,771	1,516
Company contributions to defined contribution pension plan	29	23
	<u>1,800</u>	<u>1,539</u>
Highest paid director – emoluments	<u>365</u>	<u>361</u>

During the prior year the defined benefit pension scheme closed to future accruals, therefore no directors for whom retirement benefits are accruing under defined benefit schemes amounted. The number of directors who accrued benefits under the defined contribution pension plan was 2 (2017: 2).

As at 31 March 2018 the highest paid director had accrued pension rights of £nil (2017: £nil).



## Notes to the Financial Statements for the year ended 31 March 2018

9

### Taxation

#### (a) Tax on loss

	2018 £000	2017 £000
<b>Current year</b>		
UK corporation tax at 19% (2017: 20%)	97	840
Deferred tax	(126)	307
	(29)	1,147
<b>Prior periods</b>		
UK corporation tax	(429)	(245)
Deferred tax	(94)	406
	(523)	161
Tax on loss (note 9(c))	(552)	1,308

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

	2018 £000	2017 £000
<b>Deferred tax</b>		
Charge/(reversal) on remeasurement of defined benefit pension plan	902	(839)

#### (c) Reconciliation of tax charge

The difference between the tax on loss (note 9(a)) and the loss before tax multiplied by the applicable rate of corporation tax in the UK is reconciled below:

	2018 £000	2017 £000
Loss before tax	(5,531)	(13,503)
UK corporation tax at the standard rate 19% (2017: 20%)	(1,051)	(2,701)
Disallowed depreciation & impairment on non-qualifying assets	645	3,896
Permanent differences relating to income & expenses	342	82
Timing differences on pension asset/liability movements	(220)	(307)
Other timing differences	255	177
Tax overprovided in prior years	(523)	161
Tax on loss (note 9(a))	(552)	1,308



## Notes to the Financial Statements for the year ended 31 March 2018

### 9 Taxation (continued)

#### (d) Deferred tax

The amount of unused tax losses is £3.7m (2017: £3.1m). There is no expiry date on timing differences or unused tax losses.

An analysis of the deferred tax provision is provided in note 18. The expected net reversal of the deferred tax liability in 2018/19 is £0.2m.

### 10 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 £4,804,000 (2017: £14,265,000). The total comprehensive income of the parent company was £179,000 (2017: £21,633,000 loss).

### 11 Intangible fixed assets

Group and Company	Goodwill £'000
<b>Cost</b>	
At 2 April 2017	6,066
Additions	-
<b>At 31 March 2018</b>	<b>6,066</b>
<b>Amortisation</b>	
At 2 April 2017	4,381
Charge for the year	442
<b>At 31 March 2018</b>	<b>4,823</b>
<b>Net book value</b>	
<b>At 31 March 2018</b>	<b>1,243</b>
At 1 April 2017	1,685



## Notes to the Financial Statements for the year ended 31 March 2018

### 12 Tangible fixed assets

Group	Land and Buildings £000	Fixtures, Plant and Vehicles £000	Total £000
<b>Cost</b>			
At 2 April 2017	113,369	134,429	247,798
Additions	39	1,064	1,103
Disposals	(122)	(265)	(387)
Transfer to current assets (note 13)	(9,146)	-	(9,146)
<b>At 31 March 2018</b>	<b>104,140</b>	<b>135,228</b>	<b>239,368</b>
<b>Depreciation</b>			
At 2 April 2017	34,551	89,532	124,083
Charge for the year	1,252	7,032	8,284
Impairment reversal	(1,400)	-	(1,400)
On disposals	-	(175)	(175)
Transfer to current assets (note 13)	(4,740)	-	(4,740)
<b>At 31 March 2018</b>	<b>29,663</b>	<b>96,389</b>	<b>126,052</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	<b>74,477</b>	<b>38,839</b>	<b>113,316</b>
At 1 April 2017	78,818	44,897	123,715
Net book value of land and buildings comprises:			
		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Freehold		25,643	32,453
Long leasehold (more than 50 years unexpired)		48,834	46,365
		<b>74,477</b>	<b>78,818</b>
Non-depreciating assets included in land and buildings:			
Freehold		10,152	12,733
Long leasehold (more than 50 years unexpired)		22,695	23,236
		<b>32,847</b>	<b>35,969</b>



## Notes to the Financial Statements for the year ended 31 March 2018

### 12 Tangible fixed assets (continued)

Company	Land and Buildings £000	Fixtures, Plant and Vehicles £000	Total £000
<b>Cost</b>			
At 2 April 2017	98,357	134,429	232,786
Additions	39	1,064	1,103
Disposals	(122)	(265)	(387)
Transfer to current assets (note 13)	(9,146)	-	(9,146)
<b>At 31 March 2018</b>	<b>89,128</b>	<b>135,228</b>	<b>224,356</b>
<b>Depreciation</b>			
At 2 April 2017	32,266	89,532	121,798
Charge for the year	1,062	7,032	8,094
Impairment reversal	(1,400)	-	(1,400)
On disposals	-	(175)	(175)
Transfer to current assets (note 13)	(4,740)	-	(4,740)
<b>At 31 March 2018</b>	<b>27,188</b>	<b>96,389</b>	<b>123,577</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	<b>61,940</b>	<b>38,839</b>	<b>100,779</b>
At 1 April 2017	66,091	44,897	110,988
Net book value of land and buildings comprises:			
		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Freehold		18,517	25,227
Long leasehold (more than 50 years unexpired)		43,423	40,864
		61,940	66,091
Non-depreciating assets included in land and buildings:			
Freehold		6,772	9,353
Long leasehold (more than 50 years unexpired)		20,596	21,137
		27,368	30,490



## Notes to the Financial Statements for the year ended 31 March 2018

### 12 Tangible fixed assets (continued)

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

In March and April 2017, the company undertook financing transactions whereby it exchanged a 999-year long lease for a 175-year long lease on 14 of its stores (see note 17) and net consideration of £35.0m. As a result, there has been a transfer between freehold land and buildings and long leasehold land and buildings.

Properties that are actively being marketed for sale at the year end have been transferred to current assets at net book value (see note 13).

### 13 Investments

#### Fixed asset 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:

	2018 £000	2017 £000
Share of gross assets	27	71
Share of gross liabilities	(97)	(70)
Share of net (liabilities)/worth	(70)	1
Share of turnover	-	-
Share of operating profit	(73)	14
Share of interest payable	-	-
Share of (loss)/profit after taxation and dividends	(71)	25

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 31 March 2018 have been incorporated in the group financial statements under the equity method. Amounts owed at the reporting date are disclosed within the debtors note as 'Amounts owed by joint venture'.





## Notes to the Financial Statements for the year ended 31 March 2018

### 13 Investments (continued)

#### Company - Investment in group undertakings

	Shares in group undertaking £000	Shares in joint venture £000	Total £000
At 1 April 2017 and 31 March 2018	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

The registered office address of the joint venture is the same as that of the parent company.

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 £5.0m to E H Booth Scottish Limited Partnership (see note 15). 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.

#### Current asset investments

##### Group and Company

	2018 £000	2017 £000
Properties held for sale (transfer from fixed assets - note 12)	4,406	152



## Notes to the Financial Statements for the year ended 31 March 2018

### 14 Stocks

	<b>Group and Company</b>
	<b>2018      2017</b>
	<b>£000      £000</b>
Goods for resale	14,610      15,424

### 15 Debtors

	<b>Group</b>		<b>Company</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
			<b>2017</b>
			<b>£000</b>
<b>Amounts falling due within one year</b>			
Trade debtors	157	-	157
Other debtors	810	270	810
Corporation tax recoverable	129	-	129
Prepayments and accrued income	2,713	3,255	3,184
Amounts owed by joint venture	25	25	25
	<u>3,834</u>	<u>3,550</u>	<u>4,305</u>
			<u>4,011</u>
<b>Amounts falling due after more than one year</b>			
Prepayments and accrued income	-	-	19,623
	<u>3,834</u>	<u>3,550</u>	<u>23,928</u>
			<u>23,722</u>

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 £20.0m 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.

The element of the prepayment classified as current included within the prepayments figure for the company is £0.1m (2017: £0.1m), the remaining balance of £19.6m (2017: £19.7m) is due after more than one year.



## Notes to the Financial Statements for the year ended 31 March 2018

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

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans	-	3,272	-	3,272
Trade creditors	17,395	20,317	17,395	20,317
Corporation tax	-	606	-	606
Other taxes and social security costs	1,699	6,974	1,628	6,905
Accruals	5,617	4,674	5,617	4,674
Ground rent liabilities	1,189	1,027	1,189	1,027
Preference shares	12	12	12	12
	<u>25,912</u>	<u>36,882</u>	<u>25,841</u>	<u>36,813</u>

See note 17 for terms and security attributable to the bank loans and ground rent liabilities.

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

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Bank loans repayable by instalments:</b>		
Repayable within one to two years	<u>37,417</u>	<u>35,960</u>
	<u>37,417</u>	<u>35,960</u>
<b>Ground rent liabilities repayable by instalments:</b>		
Repayable within one to two years	1,227	1,060
Repayable between two and five years	3,921	3,387
Repayable after five years	<u>29,778</u>	<u>25,793</u>
	<u>34,926</u>	<u>30,240</u>
	<u>72,343</u>	<u>66,200</u>



## Notes to the Financial Statements for the year ended 31 March 2018

### 17 Creditors – amounts falling due after more than one year (continued)

#### Bank loans

At the year end, the company was in the third year of extended four-year facilities with the Royal Bank of Scotland Group and HSBC. The extension, signed on 11 October 2017, extended its facilities for 15 months to 1 October 2019, with a further one year optional extension. The extended facilities included:

- A £22.2m term loan repayable at the end of the term, part of which has been repaid to £21.9m; and
- A Revolving Credit Facility of £25.0m (of which £0.75m of guarantees are unutilised and £5.5m of the £7.0m overdraft facility was unutilised at the year end).

Bank borrowings are secured against specific properties and other assets and bear interest at 2.75% over Libor.

#### Ground rent liabilities

In March and April 2017, the company undertook financing transactions whereby it exchanged a 999-year long lease for a 175-year long lease on 14 of its stores and net consideration of £35.0m. The transactions enabled the company to monetise assets otherwise tied up in the company's freehold supermarket portfolio. The proceeds were then used to reduce the bank debt.

The initial consideration is repayable over 175 years with an initial yield of 3.2%. The annual repayments are £1.0m, subject to annual RPI inflation reviews with a cap and collar of 5% and 0% respectively.

### 18 Provision for liabilities and charges

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred taxation</b>		
Balance brought forward	1,292	1,418
Movement to the income statement	(220)	713
Movement to other comprehensive income	902	(839)
	<hr/> 1,974	<hr/> 1,292
	<hr/>	<hr/>
The deferred taxation provision represents:		
Accelerated capital allowances	1,860	1,829
Taxable losses	(624)	(534)
Other timing differences	(164)	(3)
Actuarial gain credited to other comprehensive income	902	-
	<hr/> 1,974	<hr/> 1,292
	<hr/>	<hr/>



## Notes to the Financial Statements for the year ended 31 March 2018

### 19 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.

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. Due to the closure of the scheme to future accrual, no more contributions in respect of future accrual are expected to be paid to the scheme. SLP distributions for the year to 30 March 2019 are expected to be £1.2m (recognised as a company contribution for accounting purposes).

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

	2018 £000	2017 £000
Present value of funded obligations	(92,028)	(99,127)
Fair value of scheme assets	97,334	97,392
<b>Net defined benefit asset/(liability)</b>	<b>5,306</b>	<b>(1,735)</b>

The directors believe that the company has an unconditional right to recover the surplus either through reduced contributions in the future or through refunds from the plan. Therefore in accordance with FRS 102 Section 28, the defined benefit pension asset has been recognised in the accounts.

The pension scheme assets include £119,000 (2017: £119,000) 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.

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

	2018 £000	2017 £000
Current service cost	-	537
Administrative expenses	1	5
Net finance charge/(credit)	30	(210)
	<b>31</b>	<b>332</b>

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

	2018 £000	2017 £000
Experience gain	(236)	(13,972)
Actuarial (gain)/loss	(5,649)	22,179
	(5,885)	8,207
Deferred tax charge/(reversal) on defined benefit asset	902	(839)
	<b>(4,983)</b>	<b>7,368</b>



## Notes to the Financial Statements for the year ended 31 March 2018

### 19 Pensions (continued)

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

	2018 £000	2017 £000
Opening defined benefit obligation	(99,127)	(77,244)
Current service cost	-	(537)
Interest cost	(2,526)	(2,680)
Contributions by scheme members	-	(351)
Actuarial gain/(loss) on liabilities	5,649	(22,179)
Benefits paid	3,976	3,864
<b>Closing defined benefit obligation</b>	<b>(92,028)</b>	<b>(99,127)</b>

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

	2018 £000	2017 £000
Opening fair value of scheme assets	97,392	82,179
Interest income	2,496	2,890
Experience gain	236	13,972
Contributions by employer	1,187	1,869
Contributions by scheme members	-	351
Administrative expenses	(1)	(5)
Benefits paid	(3,976)	(3,864)
<b>Closing fair value of scheme assets</b>	<b>97,334</b>	<b>97,392</b>

	2018 £000	2017 £000
<b>Actual return on scheme assets</b>	<b>2,732</b>	<b>16,862</b>

The assets of the scheme are invested as follows:

	2018 %	2018 £000	2017 %	2017 £000
Bond funds	60.3	58,693	50.1	48,808
Diversified growth fund	7.5	7,300	17.6	17,155
Liability driven investments funds	24.3	23,652	24.0	23,327
Cash funds	0.2	195	0.7	694
Insurance contracts	5.2	5,061	4.8	4,684
Other	2.5	2,433	2.8	2,724
	100.0	97,334	100.0	97,392



## Notes to the Financial Statements for the year ended 31 March 2018

### 19 Pensions (continued)

**Financial assumptions determined are set out below:**

	2018 %	2017 %
Discount rate	2.50	2.60
RPI inflation	3.35	3.20
CPI inflation	2.35	2.20
Salary increases	2.85	3.20
Pension increases - RPI max 5.0%	3.18	3.05
Pension increases - CPI max 2.5%	1.83	1.76

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:**

	2018 Yrs	2017 Yrs
Current life expectancy at age 63 - Male	22.0	22.2
Current life expectancy at age 63 - Female	24.0	24.3
Life expectancy at age 63 of a member currently aged 43 - Male	23.5	23.6
Life expectancy at age 63 of a member currently aged 43 - Female	25.7	26.3
	%	%
Cash commutation (maximum tax free cash available)	67.0	67.0

Actuarial tables used for the above demographic assumptions are S2PXA, year of birth table with a +2 year age rating with CMI\_2017 projection model with a long term trend rate of 1.25% p.a. and a smoother parameter of 7.5).

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

	Approximate impact on current surplus £m	Effect on FRS102 profit and loss credit next year £m
Increase of 0.25% in discount rate	5.0	0.15
Decrease of 0.25% in discount rate	(4.7)	(0.14)
Increase of 0.1% in inflation	(0.6)	(0.01)
Decrease of 0.1% in inflation	0.6	(0.02)
Increase in the long term mortality trend rate by 0.25%	(1.0)	(0.03)



## 19 Pensions (continued)

### 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 £1,145,000 (2017: £1,057,000).

## 20 Share capital

	Group and Company	
	2018 £000	2017 £000
<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.





## Notes to the Financial Statements for the year ended 31 March 2018

### 21 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.

### 22 Operating lease commitments

At 31 March 2018 total minimum lease payments under non-cancellable operating leases are as follows:

Group	2018 £'000 Land and Buildings	2018 £'000 Other Items	2017 £'000 Land and Buildings <i>restated</i>	2017 £'000 Other Items
Not later than one year	5,867	526	5,567	363
Later than one and not later than five years	23,944	726	22,755	508
Later than five years	132,842	-	133,530	-
	162,653	1,252	161,852	871
<b>Company</b>	<b>2018 £'000 Land and Buildings</b>	<b>2018 £'000 Other Items</b>	<b>2017 £'000 Land and Buildings <i>restated</i></b>	<b>2017 £'000 Other Items</b>
Not later than one year	7,290	526	6,941	363
Later than one and not later than five years	29,636	726	28,255	508
Later than five years	154,654	-	155,976	-
	191,580	1,252	191,172	871

Following the review of the current year leases, an additional commitment was identified related to the prior year of £9.2m in both the company and the group. Therefore the comparatives have been restated to reflect this.

### 23 Capital commitments

The group had contracted commitments at the year end totalling £nil (2017: £nil).

### 24 Ultimate controlling party

There is no ultimate controlling party.



## Notes to the Financial Statements for the year ended 31 March 2018

### 25 Related party transactions

Group and company	2018 £000	2017 £000
Dividends paid to directors	17	19
Total Key Management Personnel remuneration (including benefits in kind)	1,750	2,544

Key Management Personnel are considered to be the Board of Directors and the Operating Board.

Company	2018 £000	2017 £000
Transactions with entities over which the company has joint control:		
Rental income received	46	73
Amount due at year end	15	15
Inter-company advances	-	(597)
Amount due from joint venture at year end	25	25

### 26 Financial instruments

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

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
<b>Carrying amount of financial assets</b>				
Equity instruments measured at amortised cost	(70)	1	5,083	5,083
Debt instruments measured at amortised cost	992	295	992	295
	922	296	6,075	5,378
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	98,255	102,476	98,184	102,407

Equity instruments measured at amortised cost relate to fixed asset investments (note 13). Debt instruments measured at amortised cost comprise elements of debtors (note 15). Financial liabilities comprise creditors (notes 16 and 17).



## Notes to the Financial Statements for the year ended 31 March 2018

### 26 Financial instruments (continued)

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

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income/(expenses)</b>				
Financial assets measured at amortised cost	-	-	220	708
Financial liabilities measured at amortised cost	(3,596)	(2,419)	(3,685)	(2,509)
	(3,596)	(2,419)	(3,465)	(1,801)
<b>Net gains/(losses), including changes in fair value</b>				
Financial assets measured at amortised cost	(71)	25	-	-
Financial liabilities measured at fair value through profit or loss	-	296	-	296
	(71)	321	-	296

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 £3.6m (2017: £2.4m).

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 used interest rate swap contracts (derivative financial instruments) to hedge against adverse changes in the interest rates on the bank loans. These contracts expired in September 2016.