Makro Self Service Wholesalers Limited

Directors' report and financial statements

Registered number 973269

For the 15 month period ended 31 March 2013

Contents

Directors and advisors

Directors

H Edwards	(appointed 28 03 2011, resigned 24 01 2012)
J Köppen	(appointed 10 06 2011, resigned 21 12 2012)
D Murphy	(appointed 10 06 2011, resigned 13 01 2012)
K Rättig	(appointed 10 06 2011, resigned 13 01 2012)
M Schumacher	(appointed 10 06 2011, resigned 04 01 2012)
J Schwarze	(appointed 04 10 2011, resigned 21 12 2012)
S Blan	(appointed 04 01 2012, resigned 22 04 2013)
M Baker	(appointed 21 12 2012, resigned 22 04 2013)
V Bandev	(appointed 21 12 2012, resigned 22 04 2013)
C Wilson	(appointed 22 04 2013)
J Prentis	(appointed 22 04 2013)

Company secretary

D P Wilson	(resigned 02 08 2012)
J Köppen	(appointed 02 08 2012, resigned 21 12 2012)
V Bandev	(appointed 21 12 2012, resigned 22 04 2013)
M Chilton	(appointed 22 04 2013)

Independent auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Solicitors

Addleshaw Goddard
100 Barbirolli Square
Lower Mosley Street
Manchester
M2 3AB

Bankers

National Westminster Bank Plc
11 Spring Gardens
Manchester
M60 2DB

Registered office

Equity House
Irthlingborough Road
Wellingborough
Northamptonshire
NN8 1LT

Registered number

973269

Directors' report

The Directors present their report and the audited financial statements of the Company for the 15 month period ended 31 March 2013

Business review and principal activities

Makro Self Service Wholesalers Limited operates a chain of 30 wholesale stores in the United Kingdom On 2 July 2012 the entire share capital of the Company was purchased for £1,000 by Makro Holding Limited from Makro Cash and Carry UK Holding Limited Makro Holding Limited, formerly a wholly own subsidiary of Metro AG, was subsequently purchased by Booker Group plc on 4 July 2012

The principal activity of the Company continues to be wholesale cash and carry

During the 15 month period to 31 March 2013 the Company recorded sales of £868 5m *(2011 £766 3m)* The like for like comparison to the 15 month period ended 31 March 2012 is a sales decline of 6 9%
Following the sale of the Company's parent to Booker Group plc, the Directors have reviewed the carrying value of the assets, resulting in an £57 4m impairment of fixed assets and a £ 7 7m write off of lease premiums

Strategy

During the 15 month period the Company has continued to build on the turnaround concept which was implemented in full in 2011, reinforcing the Company's focus on the specialist needs of the HoReCa (hotel, restaurant and catering) customer The Ecommerce and Food Service delivery business continued to be a key channel for development within the business

As well as continuing to employ cost reduction opportunities the Company was successful in realising a significant improvement in working capital with a stock reduction and cash management program, coupled with a recapitalisation, seeing a net current liabilities improvement of £122m and ending the year with a positive net asset position of £23m

Future outlook

The Company will develop its business alongside the other companies within the wider Booker Group

Going Concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued support from the Company's ultimate parent company, Booker Group plc

Financial risk management

The management of the business and the execution of the Company's strategy are subject to a number of risks,

Price risk

Changes in purchase price of commodities can expose the Company to a limited commercial risk Significant changes are generally recovered by adjusting selling prices

Credit risk

Outstanding receivables with customers for the 15 month period to 31 March 2013 was £779,000 (*2011 £513,000*), so the Company is not exposed to significant credit risk with its customers

Directors' report *(continued)*

Liquidity risk

If necessary the Company would be funded by its ultimate parent company, Booker Group plc, who would ensure the Company has sufficient available funds for operations and planned investements

Exchange rate risk

Certain purchases are conducted in currencies other than pounds sterling Whenever necessary the Company takes the appropriate measures to enter into transactions whereby exchange rates are fixed for the duration of the contract

Interest rate risk

The Company makes its short term deposits and borrowings with the Booker treasury function No interest is earned or paid by the Company for this facility

Results and dividends

The Directors do not recommend the payment of a dividend for the 15 month financial year (*2011 £nil)* The loss for the 15 month period ended 31 March 2013 of £109,147,000 (*2011 loss £62,380,000*) will be transferred to the accumulated deficit in the profit and loss account

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to competition and product availability Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the Booker Group plc annual report which does not form part of this report

Employees

Employees are informed regularly about aspects of the business and its progress which the Company considers are relevant to them The Company operates a personnel policy which ensures that employees are consulted and involved in decisions which affect them and their jobs This policy is implemented by mechanisms such as briefing sessions, notice boards, a company wide intranet and meetings of management and union representatives The Company endeavours to encourage employees to maintain a sense of identity with its aims and objectives

The Company also has an overall policy to take reasonable steps to promote equality of employment opportunity for disabled people During the 15 month financial period ended 31 March 2013 the Company has accordingly

(a) given full and fair consideration to applications for employment by the Company made by disabled persons,

(b) continued the employment, wherever possible, of employees of the Company who have become disabled during the year, and

(c) provided equal opportunities for training, career development and promotion of disabled persons

Directors' report *(continued)*

Key performance indicators

Sales

Sales in the financial period amount to £868 5m (*2011 £766 3m*)

The Company saw an overall sales erosion in the 15 months to March 2013 compared to its sales in the preceding year The decline was driven mainly by a strategic decision to focus away from low profitability bulk sales and a decline in tobacco sales, in some part caused by new legislation requiring closed off tobacco sales areas Furthermore, a rationalisation of the non food range to meet more the needs of professional customers led to a reduction in assortment

In the same period the Company continued to develop its fresh food offer, leading to an increase in sales of fish, meat and fruit and vegetables The Makro Foodservice delivery business and Makro Online sales continue to attract new customers

Directors

The Directors of the Company who held office during the year and up to the date of signing the financial statements are listed on page 1

Qualifying third party indemnity provisions

There is no qualifying third party indemnity provision in place for the benefit of the Directors

Policy and practice on payment of creditors

Trade creditors at the year end represented 44 days *(2011 66 days)* of purchases It is the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms

Charitable contributions

The contributions made by the Company during the 15 months period ended 31 March 2013 for charitable purposes were £17,000 *(2011 nil)*

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office

On behalf of the Board

Mark Chilton
Company secretary
22 August 2013

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

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

Independent auditor's report to the members of Makro Self Service Wholesalers Limited

We have audited the financial statements of Makro Self Service Wholesalers Limited for the 15 months ended 31 March 2013 set out on pages 8 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Makro Self Service Wholesalers Limited *(continued)*

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

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

29/8/2013

Profit and loss account
for the 15 month period ended 31 March 2013

	Notes	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Turnover	2	**868,488**	766,264
Cost of sales		**(869,076)**	(773,157)
Gross (loss) / profit		**(588)**	(6,893)
Administrative expenses		**(38,789)**	(46,502)
Impairment of fixed assets and lease premium		**(65,118)**	(6,614)
Operating loss		**(104,495)**	(60,009)
Profit / (loss) on disposal of fixed assets		**17**	(20)
Loss on ordinary activities before interest and taxation	7	**(104,478)**	(60,029)
Interest receivable and similar income	5	**2**	17
Interest payable and similar charges	6	**(1,904)**	(2,018)
Loss on ordinary activities before taxation	7	**(106,380)**	(62,030)
Tax on loss on ordinary activities	8	**(2,767)**	(350)
Loss for the financial period	17,18	**(109,147)**	(62,380)

There is no material difference between the loss on ordinary activities before taxation and the loss for the 15 month period ended 31 March 2013 stated above and their historical cost equivalents

All results are derived from continuing operations

The notes on pages 11 to 24 form part of these financial statements

Statement of total recognised gains and losses
for the15 month period ended 31 March 2013

	Note	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Loss for the financial year		**(109,147)**	(62,380)
Actuarial loss on pension scheme before tax	*15*	**(6,809)**	(2,210)
Total recognised losses relating to the financial year		**(115,956)**	(64,590)

The notes on pages 11 to 24 form part of these financial statements

Balance sheet
at 31 March 2013

	Notes	31 March 2013 £'000	31 December 2011 £'000
Fixed assets			
Tangible assets	9	**42,640**	101,414
		42,640	101,414
Current assets			
Stock	10	**67,837**	75,576
Debtors amounts falling due within one year	11	**16,732**	10,560
Debtors amounts falling due after one year	13	**-**	6,901
Cash at bank and in hand		**935**	11,876
		85,504	104,913
Creditors amounts falling due within one year	14	**(104,766)**	(237,304)
Net current liabilities		**(19,262)**	(132,391)
Net assets / (liabilities) excluding pension deficit	15	**23,378**	(30,977)
Pension deficit	15	**-**	(7 754)
Net assets / (liabilities) including pension deficit		**23,378**	(38,731)
Capital and reserves			
Called up share capital	16	**333,917**	169,000
Share premium account	17	**179**	179
Capital redemption reserve	17	**3,877**	3,877
Profit and loss account	17	**(314,595)**	(211,787)
Total shareholders' funds / (deficit)	18	**23,378**	(38,731)

The financial statements on pages 8 to 24 were approved by the board of directors on 22 August 2013 and signed on its behalf by

Jonathan Prentis
Director

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom for the 15 month period ended 31 March 2013 A summary of accounting policies that have been applied consistently throughout the 15 month period ended 31 March 2013 are set out below

Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued support from the Company's ultimate parent company, Booker Group plc

Basis of accounting

The financial statements have been prepared under the historical cost convention

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation and depreciation Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their remaining estimated useful economic lives as follows

Leasehold improvements	3 33%
Plant and equipment	5 – 33%
Motor vehicles	16 66%

Impairment

The carrying amounts of the group assets are reviewed for impairment when events indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount The recoverable amount of an asset is greater of its value in use and its net realisable value In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment

Operating leases

All leases are operating leases, and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term

Stocks

Stocks, which comprise goods purchased for re-sale, have been calculated at the lower of cost and net realisable value Where necessary provision is made for obsolete, slow moving and defective stocks

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction All differences on exchange are taken to the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover is the amount receivable from customers, excluding value added tax, for goods and services supplied during the year, which is recognised at the point of sale

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Current tax

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

Pension costs

The company operated a defined benefit pension scheme which closed to new members on 30 June 2005 and closed to future accrual of benefits on 31 December 2011 The assets of the Scheme are held in a trust fund run by the Trustee and are kept entirely separate from the finances of the company

The Scheme is accounted for under FRS 17 "Retirement Benefits" Pension scheme assets are measured using market value Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit, although this will be zero in future years now that the Scheme is closed to accrual The expected return on the Scheme's assets and the increase during the year in the present value of the Scheme's liabilities from the passage of time are included in other finance income Actuarial gains and losses are recognised in the statement of total gains and losses

The ownership of the Pension scheme assets / liabilities were transferred on the 30th June 2012 The company has no continuing obligations to the scheme

Cash flow statement

The company is a wholly owned subsidiary of Makro Holding Limited and is included in the consolidated financial statements of Makro Holding Limited, which are publicly available Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 'Cash flow statements' (revised 1996)

Notes *(continued)*

2 Turnover

Turnover arises mainly from the principal activity of wholesale cash and carry merchanting in the United Kingdom

3 Directors' emoluments

	2013 £'000	2011 £'000
Total emoluments	**2,394**	3,543
Highest paid director	**875**	1,542

Emoluments represent the directors' services to the UK group

4 Employee information

The average monthly number of persons, including Directors employed by the company during the period was

	15 months ended 31 March 2013 Number	Year ended 31 December 2011 Number
Wholesaling	**2,787**	3,206
Administrative	**289**	334
	3,076	3,540

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Staff costs (for the above persons)		
Wages and salaries	**61,952**	65,954
Social security costs	**4,575**	4,725
Pension costs – defined contribution scheme	**679**	179
Pension costs – defined benefit scheme (note 15)	**-**	(3,696)
	67,206	67,162

Notes *(continued)*

5 Interest receivable and similar income

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Interest receivable from group undertakings	-	3
Other interest receivable	2	14
	2	17

6 Interest payable and similar charges

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Interest payable on bank loans and overdrafts	7	15
Interest payable on pension finance costs (note 15)	235	337
Interest payable on loans due to group undertakings	1,662	1,666
	1,904	2,018

7 Loss on ordinary activities before taxation

This is stated after charging

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Depreciation charge for the year on tangible fixed assets	11,448	10,260
Amortisation of lease premium	827	1,658
Impairment of fixed assets	57,386	6,614
Impairment of asset – lease premium	7,732	-
Operating lease rentals - Plant and machinery	707	646
Operating lease rentals - Motor vehicles	553	1 012
Operating lease rentals - Other	16,269	13,016
Exceptional / restructuring costs		
Rental payments	-	300
Redundancy costs	-	9,865
Stock clearance costs	-	11,265
Other restructuring costs	-	5,489
	94,922	60,125
Auditors' remuneration for		
Audit	131	165

Notes *(continued)*

8 Tax on loss on ordinary activities

(a) Analysis of charge in year

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Current tax		
Arising in the current period	-	-
Overstatement of prior periods	(175)	-
Total current tax	(175)	-
Deferred tax.		
Origination and reversal of timing differences	2,942	106
Change in tax rate – impact on deferred tax assets	-	244
Total deferred tax (note 12)	2,942	350
Tax on loss on ordinary activities	2,767	350

(b) Factors affecting tax charge for year

The tax assessed for the year is higher (*2011 higher*) than the standard rate in the UK of 24 4% *(2011 26 5%)* The differences are explained below

	15 months ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Loss on ordinary activities before tax	(106,380)	(62 030)
Loss on ordinary activities multiplied by standard rate in the UK 24 4% (*2011 26 5%*)	(25,956)	(16,438)
Effects of		
Expenses not deductible for tax purposes	4,153	2,955
Capital allowances claimed less than related depreciation charged	9,359	2,018
Tax losses not recognised	2,896	9,970
Timing differences	980	(1,699)
Group relief surrendered not paid	8,568	3,184
Overstatement of prior periods	(175)	-
Current tax (credit) / charge for the period	(175)	-

(c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) has been enacted and a further reduction to 23% (effective from 1 April 2013) has also been substantially enacted Deferred tax assets as at 31 March 2013 have been calculated based on a rate of 23% substantially enacted at the balance sheet date

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

Notes *(continued)*

9 Tangible assets

	Leasehold improvements £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2012	46,419	298,834	345,253
Additions	396	12,777	13,173
Disposals	(6,122)	(76,761)	(82,883)
At 31 March 2013	**40,693**	**234,850**	**275,543**
Accumulated depreciation			
At 1 January 2012	22,610	221,229	243,839
Charge for the year	1,444	10,004	11,448
Disposals	(5,158)	(74,612)	(79,770)
Impairment	3,353	54,033	57,386
At 31 March 2013	**22,249**	**210,654**	**232,903**
Net book value			
At 31 March 2013	**18,444**	**24,196**	**42,640**
At 31 December 2011	23,809	77,605	101,414

An impairment review was performed by directors by reference to third party valuations obtained for land, buildings and fixed asset equipment and internal valuations performed for other equipment This resulted in the recoverable amounts of the tangible assets being below book values resulting in an impairment of £57,386,000

10 Stock

	31 March 2013 £'000	31 December 2011 £'000
Goods held for resale	**67,837**	75,576

Notes *(continued)*

11 Debtors: amounts falling due within one year

	31 March 2013 £'000	31 December 2011 £'000
Trade debtors	**931**	933
Amounts owed by group undertakings	**6,434**	406
Other debtors	**203**	295
Deferred tax asset	**-**	2,942
Prepayments and accrued income	**7,360**	5,984
Other taxation - VAT	**1,804**	-
	16,732	10,560

An impairment of £1,658,000 was recognised relating to capitalised lease premiums which are now deemed to have nil book value

12 Deferred tax asset

	31 March 2013 £'000	31 December 2011 £'000
Accelerated capital allowances	**-**	2 942
Total deferred tax asset	**-**	2,942

	31 March 2013 £'000	31 December 2011 £'000
At 1 January	**2,942**	3,292
(Charged) / released to profit and loss account	**(2,942)**	(350)
At 31 December	**-**	2,942

At 31 March 2013 Makro Self Service Wholesalers Limited had an unrecognised deferred tax asset of £35,028,852 *(2011 £23,327,191)* The unrecognised deferred tax asset arises on surplus unclaimed capital allowances of £65 4m (*2011 £15 2m*), unutilised tax trading losses of £78 2m (*2011 £66 3m*) and other short term timing differences of £8 8m (*2011 £11 1m*) all of which are not recognised in accordance with the accounting policy set out in note 1

13 Debtors· amounts falling due after one year

	31 March 2013 £'000	31 December 2011 £'000
Prepayments and accrued income	**-**	6,901

An impairment of £6,074,000 was recognised relating to capitalised lease premiums which are now deemed to have nil book value

Notes *(continued)*

14 Creditors: amounts falling due within one year

	31 March 2013 £'000	31 December 2011 £'000
Trade creditors	**51,719**	70,403
Amounts owed to group undertakings	**9,762**	103,409
Other taxation and social security payable	**2,231**	9,690
Other creditors	**6,189**	10,141
Accruals	**34,865**	43,661
	104,766	237,304

Amounts owed to group undertakings are unsecured and repayable on demand

15 Pension and similar obligations

Up until the 30 June 2012 the Company operated a defined benefit pension scheme with the aim of providing members with a pension related to their Scheme salaries and pensionable service at retirement (or earlier exit) The Scheme closed to new members on 30 June 2005 and closed to future accrual of benefits on 31 December 2011 The assets of the Scheme are held in a trust fund run by the Trustee and are kept entirely separate from the finances of the company

Up until the 30 June 2012 the Company met the balance of the cost of providing the Scheme benefits The Trustee assesses this cost based on advice from an independent qualified actuary The Scheme Actuary carries out a full review of the Scheme's finances every three years and an interim update is carried out each year

The last completed valuation was carried out as at the 1 July 2009 This valuation showed that the assets of the Scheme were not sufficient to meet its technical provisions, i e the liabilities of the Scheme in relation to benefits already accrued The Scheme's funding level at the valuation date was 60%

Since the 1 July 2009 valuation, the employer has made contributions totalling £12m towards meeting the deficit and has also contributed 6 8% of Scheme salaries towards future service benefits Employer contributions paid to the Scheme during the year totalled £1,650,000 *(2011 £8,626,000)*

In light of the expected increase in the deficit, and the rising cost of providing pensions, the Company proposed to close the Scheme to future accrual After consultation with active members of the Scheme and with the Trustees, this was agreed and the Scheme closed on 31 December 2011 The main purpose of closure is to put the Scheme on a sounder financial footing for the future

Notes *(continued)*

15 Pension and similar obligation *(continued)*

In July 2010, the Government announced its intention to change the measure of inflation used for statutory increases to pensions from the Retail Price Index (RPI) to the Consumer Price Index (CPI) The Scheme confirmed that future pre-retirement pension increases will now be indexed to the CPI, rather than the RPI and the company reflected this change in 2010 as a negative past service cost The legislative position in relation to statutory increases to pensions in payment was clarified during 2011 and the company and Trustee agreed that future pension increases in payment would be based on statutory increases, ie CPI rather than RPI Again this was recognised immediately as a negative past service cost in 2011

The assets and liabilities of the scheme were transferred from Makro Self Service Wholesalers Limited to Makro Limited on 30 June 2012

The FRS 17 disclosures are based on the actuarial valuation at 1 July 2009 by Towers Watson adjusted to take account of the requirements of FRS 17 to assess the liabilities of the Scheme at 31 December 2011 and at 30 June 2012 The principal assumptions for the 15 month period ending 31 March 2013 were

	31 March 2013 %	31 December 2011 %
Discount rate	**4.75**	5 10
Price inflation	**2.00**	2 20
Rate of salary increase	**n/a**	n/a
Rate of increase in pensions in payment	**2 10**	2 20
Pension increases to deferred benefits	**2.00**	2 20

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

	Long-term rate of return expected 31 March 2013 %	**Market value at 31 March 2013 £'000**	Long-term rate of return expected 31 December 2011 %	Market value at 31 December 2011 £'000
Equities	**7.10**	**53,685**	7 20	51,189
Bonds	**3.40**	**58,416**	3 80	58,679
Cash	**3 40**	**402**	3 80	52
Total market value		**112,503**		109,920

Development of Net Balance Sheet Position

	31 March 2013 £'000	31 December 2011 £'000
Actuarial value of scheme liabilities	-	(117,674)
Fair value of assets	-	109,920
Deficit in the scheme before allowance for deferred tax	-	(7,754)
Defined liability at end of period	-	(7,754)

Notes *(continued)*

15 Pension and similar obligation *(continued)*

Analysis of amounts credited / (charged) to operating loss:	**15 months ended 31 March 2013 £'000**	Year ended 31 December 2011 £'000
Employer service cost	-	(576)
Exceptional item past service credit	-	4,272
Exceptional item curtailment credit	-	-
Total service cost credited to operating loss	-	3,696

Analysis of the amount charged to other finance income:	**15 months ended 31 March 2013 £'000**	Year ended 31 December 2011 £'000
Interest cost	**(2,954)**	(6 166)
Expected return on assets	**2,719**	5,829
Net charge to other finance income	**(235)**	(337)
Total profit and loss (charge) / credit before adjustment for tax	**(235)**	3,359

Analysis of amounts recognised in statement of total recognised gains and losses	**15 months ended 31 March 2013 £'000**	Year ended 31 December 2011 £'000
Asset experience (loss) / gain	**154**	(914)
Liability experience loss	**(1,654)**	(162)
Liability assumption loss	**(5,309)**	(1,134)
Total amount recognised in statement of total recognised gains and losses before adjustment for tax	**(6,809)**	(2 210)

Notes *(continued)*

15 Pension and similar obligation *(continued)*

Reconciliation to the Balance Sheet	31 March 2013 £'000	31 December 2011 £'000
Defined liability at end of prior period	**(7,754)**	(17,529)
Net benefit (charge) / credit for period	**(235)**	3,359
Employer contributions	**1,650**	8,626
Actuarial loss recognised via the STRGL	**(6,809)**	(2,210)
Amount transferred to Makro Limited	**13,148**	-
Balance sheet (liability) at end of period	**-**	(7,754)

Experience gains and losses for this period and the previous four periods

	2013 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Asset experience					
(Loss) / gain during period	**154**	(914)	3,388	8,118	(23,109)
(Loss) / gain expressed as percentage of scheme assets	**-%**	(0 8%)	3 4%	8 9%	(30 8%)
Liability experience					
(Loss) during period	**(1,654)**	(162)	(432)	(715)	(98)
(Loss) expressed as percentage of scheme liabilities	**-%**	(0 1%)	(0 4%)	(0 6%)	(0 1%)
Liability assumptions					
(Loss) / gain over period	**(5,309)**	(1,134)	(6,077)	(16,262)	3,218
(Loss)/ gain expressed as percentage of scheme liabilities	**-%**	(1 0%)	(6 1%)	(13 6%)	3 3%
(Deficit)/ surplus					
Actuarial value of scheme liabilities	-	(117,674)	(117,256)	(119,890)	(98,625)
Fair value of assets (FVA)	-	109,920	99,727	91 290	75,033
Deficit in the scheme	-	(7,754)	(17 529)	(28,600)	(23,592)

Note Fair value assets (FVA) are shown at bid value

Notes *(continued)*

15 Pension and similar obligation *(continued)*

Movements in the present value of defined benefit liabilities were as follows:	**15 months Ended 31 March 2013 £'000**	Year ended 31 December 2011 £'000
Liabilities at start of period	**(117,674)**	(117,256)
Service cost	-	(576)
Past service cost	-	4,272
Member contributions	-	(532)
Interest cost	**(2,954)**	(6,166)
Actuarial (gain) / loss	**(6,963)**	(1,296)
Curtailment (gain) / loss	-	-
Benefits paid	**1,940**	3,880
Transfer of liabilities to Makro Limited	**125,651**	-
Liabilities at end of period	-	(117,674)

Movements in fair value of scheme assets were as follows:	**15 months Ended 31 March 2013 £'000**	Year ended 31 December 2011 £'000
Assets at start of period	**109,920**	99,727
Expected return on scheme assets	**2,719**	5,829
Actuarial (gain) / loss	**154**	(914)
Employer contributions	**1,650**	8,626
Member contributions	-	532
Benefits paid	**(1,940)**	(3,880)
Transfer of liabilities to Makro Limited	**(112,503)**	-
Assets at end of period	-	109,920
Actual return on scheme assets	**2,873**	4,915

Defined contribution scheme

The company contributed £696,000 *(2011 £175,000)* to a stakeholder scheme which is open to all employees

Notes *(continued)*

16 Called up share capital

	31 March 2013 £'000	31 December 2011 £'000
Authorised		
176,317,228 (2011 11,400,000) ordinary 'A' shares of £1 each	**176,317**	11,400
157,600,000 (2011 157,600,000) ordinary 'B' shares of £1 each	**157,600**	157,600
31,000,000 (2011 31,000,000) ordinary shares of £1 each	**31,000**	31,000
	364,917	200,000
Allotted, called up and fully paid		
176,317,228 (2011 11,400,000) ordinary 'A' shares of £1 each	**176,317**	11,400
157,600,000 (2011 157,600,000) ordinary 'B' shares of £1 each	**157,600**	157,600
	333,917	169,000

During the 15 month period ended 31 March 2013 164,917,228 ordinary 'A' £1 00 shares were issued, settled by cash Each of the above classes of shares ranks pari-passi

17 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2012	179	3,877	(211,787)
Loss for the financial year	-	-	(109,147)
Actuarial loss on pension scheme	-	-	(6,809)
Transfer of pension scheme liabilities to Makro Limited	-	-	13,148
At 31 March 2013	**179**	**3,877**	**(314,595)**

18 Reconciliation of movements in shareholders' funds

	31 March 2013 £'000	31 December 2011 £'000
Loss for the financial year	**(109,147)**	(62,380)
Actuarial loss on pension scheme net of movement in deferred tax	**(6,809)**	(2 210)
Transfer of pension scheme liabilities to Makro Limited	**13,148**	-
New share capital subscribed (note 17)	**164,917**	-
Net addition / (reduction) in shareholders' funds	**62,109**	(64,590)
Opening shareholders' (deficit) / funds	**(38,731)**	25,859
Closing shareholders' (deficit) / funds	**23,378**	(38,731)

Notes *(continued)*

19 Financial commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	2013 Other £'000	**2013 Land and buildings £'000**	2011 Other £'000	2011 Land and buildings £'000
Expiring within one year	**221**	**-**	387	-
Expiring between one and five years inclusive	**220**	**-**	410	-
Expiring in over five years	**-**	**12,955**	-	12,955
	441	**12,955**	797	12,955

All of the company's leases of land and buildings are subject to periodic rent reviews

20 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Makro Holding Limited, whose accounts are publicly available

21 Immediate and ultimate holding companies

The immediate parent undertaking is Makro Holding Limited, a company registered in Great Britain

The ultimate parent undertaking and controlling party is Booker Group plc The acquisition of Makro Holding Limited was under consideration by the Competition Commission and the balance sheet date of 31 March 2013 the Competition Commission investigations were not yet finalised Consequently, Booker plc have not included Makro Holding Limited in their consolidated accounts at 29 March 2013

22 Post balance sheet event

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