

The Big Food Group Limited
Report and Accounts
52 weeks ended 28 March 2008



Registered Number 1529002

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Directors' Report

The directors present their report and audited accounts for the 52 week period ending 28 March 2008

Acquisition

On 4 June 2007 Blueheath Holdings plc became the legal parent company of Giant Topco Limited (ultimate parent company of The Big Food Group Limited) in a share-for-share transaction. Due to the relative values of the companies, the former Giant Topco Limited shareholders became the majority shareholders with 90.36% of the enlarged share capital. As part of the business combination Blueheath Holdings plc changed its name to Booker Group plc and changed its accounting reference date to March.

Principal activities and review of business

The company's principal activity is that of a holding company.

Results and dividends

The company made a loss in the period of £93.2m (2007: loss £2.9m).

During the period, due to changes in the group structure, there has been an investment writedown of £90.0m.

The directors do not recommend the payment of a dividend (2007: £nil).

Directors and their interests

The directors who held office during the period were as follows:

Charles Wilson	(appointed 4 June 2007)
Jonathan Prentis	
Hans Kristian Hustad	(resigned 4 June 2007)

None of the directors serving at the period end had any interest in the shares of the company.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

During the period KPMG LLP resigned as auditors and KPMG Audit plc were appointed to fill the vacancy that arose. A resolution for the reappointment of as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Mark Chilton
Company Secretary

Date 17/9/08

Registered Office

Equity House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT

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).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors to the Members of The Big Food Group Limited

We have audited the financial statements of The Big Food Group Limited for the 52 week period ended 28 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 March 2008 and of its loss for the 52 week period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit plc
Chartered Accountants
Registered Auditor

Date 23/9/08

Profit and Loss Account
For the 52 weeks ended 28 March 2008

		52 weeks ended 28 March 2008 £m	52 weeks ended 30 March 2007 £m
	<i>Note</i>		
Turnover		-	-
Administrative expenses - normal		(0.4)	(0.4)
- exceptional	4	-	(1.2)
		<u>(0.4)</u>	<u>(1.6)</u>
Operating loss	2 - 4	<u>(0.4)</u>	<u>(1.6)</u>
Write down of investment	7	<u>(90.0)</u>	-
Loss before interest and tax		<u>(90.4)</u>	<u>(1.6)</u>
Other finance income	5	<u>3.6</u>	<u>5.5</u>
(Loss)/profit on ordinary activities before taxation		<u>(86.8)</u>	<u>3.9</u>
Tax on (loss)/profit on ordinary activities	6	<u>(6.4)</u>	<u>(6.8)</u>
Retained loss for the period	11	<u><u>(93.2)</u></u>	<u><u>(2.9)</u></u>

All operations in the current and previous period are continuing

Balance Sheet
At 28 March 2008

	Note	28 March 2008 £m	30 March 2007 £m
Fixed assets			
Investments	7	-	90 0
Current assets			
Debtors due within one year	8	287 2	287 2
Cash at bank and in hand		-	4 2
		<u>287 2</u>	<u>291 4</u>
Creditors due within one year	9	(32 6)	(26 7)
Net current assets		254 6	264 7
		<u>254.6</u>	<u>354 7</u>
Net assets excluding net pension asset/(liability)			
Net pension asset/(liability)	13	7 1	(16 5)
		<u>261 7</u>	<u>338 2</u>
Net assets		261 7	338 2
		<u>261 7</u>	<u>338 2</u>
Capital and reserves			
Called-up share capital	10	35 0	35 0
Merger reserve	11	330 4	330 4
Profit and loss account	11	(103.7)	(27 2)
		<u>261 7</u>	<u>338 2</u>
Shareholders' funds	12	261 7	338 2
		<u>261 7</u>	<u>338 2</u>

These financial statements were approved by the Board and signed on its behalf by


Jonathan Prentis
Director

Date

17/9/08

**Statement of Total Recognised Gains and Losses
For the 52 weeks ended 28 March 2008**

	52 weeks ended 28 March 2008 £m	52 weeks ended 30 March 2007 £m
Retained loss for the period	(93 2)	(2 9)
Actuarial gain on pension scheme (see note 13)	23 8	43 5
Deferred tax on actuarial gain	(7.1)	(13 0)
Payments to deferred pension members (see note 13)	-	(12 1)
	-----	-----
Total recognised (losses)/gains for the period	(76 5) =====	15 5 =====

Notes to the Accounts**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The amendment to FRS 17 'Retirement benefits' has been adopted in these financial statements for the first time and the disclosures it requires have been presented for both the current and comparative period

Basis of preparation

The accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable Accounting Standards

The company is a wholly owned subsidiary undertaking of Booker Group plc (formerly Blueheath Holdings plc), which is registered in England and Wales. It is therefore exempt by virtue of s 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts. Accordingly, these reports and accounts present information about the company as an individual undertaking and not about its group

Statement of cash flows

The Company is exempt from including a statement of cash flows in its accounts, as it is a wholly owned subsidiary of Booker Group plc (formerly Blueheath Holdings plc), which is a company incorporated in the United Kingdom and has included a consolidated statement of cash flows in its consolidated accounts

Investments

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

Taxation

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

Deferred tax

In accordance with FRS19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions

- deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted
- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial Guarantees

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts. Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee

Notes to the Accounts

1. Accounting policies (continued)

Pension costs

The Company has a defined benefit scheme, to which it made contributions to fund the retirement benefits of members during the period. The assets of the scheme are held separately from those of the Company.

In respect of the defined benefit scheme, the assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is analysed between operating charges, finance items and in the statement of recognised gains and losses, actuarial gains and losses.

Gains arising from the exercises with deferred and current pensioners, as detailed in note 13, have been recorded directly to reserves.

2 Operating loss

Auditor's remuneration for the current and prior period was borne by another group undertaking.

3. Employee costs and directors' remuneration

The company had no employees throughout this or the previous period.

(a) Employee information	2008 £m	2007 £m
Current service cost – defined benefit scheme	0.4 =====	0.4 =====

(b) Directors' emoluments

No remuneration or fees were paid by the company to any of its directors during this or the previous period in respect of services to the company.

4. Exceptional items	2008 £m	2007 £m
Professional fees in respect of pensions	- =====	1.2 =====

5 Other finance income	2008 £m	2007 £m
Expected return on pension scheme's assets	(35.8)	(40.2)
Interest on pension scheme's liabilities	32.2	34.7
	----- (3.6) =====	----- (5.5) =====

Notes to the Accounts

6.	Tax on (loss)/profit on ordinary activities	2008 £m	2007 £m
	Current tax		
	UK corporation tax	-	-
	Deferred Tax		
	Movement in FRS 17 deferred tax asset	6 4	6 8
	Tax charge for the period	6 4	6 8
	Reconciliation of the current taxation charge		
	The tax assessed for the period differs to the standard rate of tax in the UK (30%) The differences are explained below		
	(Loss)/profit on ordinary activities before tax	(86 8)	3 9
	Tax on (loss)/profit at 30% (UK standard rate)	(26 0)	1 2
	FRS 17 pension adjustments	(1 1)	(1 5)
	Group transfer pricing adjustment	9 2	5 2
	Group relief surrendered for which no payment received	0 1	0 3
	Short term timing differences	(9 2)	(5 2)
	Expenses not deductible for tax purposes	27 0	-
	Current tax charge for the period	-	-

7	Investments	Subsidiary undertakings £m
	Cost	
	At start and end of period	90 0
	Provision	
	At start of period	-
	Provided in the period	90 0
	At end of period	90.0
	Net book value	
	At end of period	-
	At start of period	90 0

The Company's principal subsidiary undertakings at 28 March 2008, which are wholly owned and registered in the United Kingdom, are as follows

	Principal activities
B F Limited *	Finance/holding company
Giant Booker Limited	Finance/holding company

* Direct subsidiary of The Big Food Group Limited

Full details of all group subsidiary undertakings are include in the Company's annual return filed with Companies House

Notes to the Accounts

8.	Debtors due within one year	2008	2007
		£m	£m
	Amounts owed by subsidiary undertakings	287.2	287.2
		=====	=====
	Amounts due from group undertakings are all unsecured and are interest free		
9.	Creditors due within one year	2008	2007
		£m	£m
	Amounts owed to subsidiary undertakings	31.0	14.0
	Accruals and deferred income	1.6	12.7
		-----	-----
		32.6	26.7
		=====	=====
	Amounts owed to group undertakings are unsecured, interest free and repayable on demand		
10	Share capital	2008	2007
		£m	£m
	Authorised		
	500,000,000 ordinary shares of 10p each	50.0	50.0
		=====	=====
	Allotted, called up and fully paid		
	350,267,250 ordinary shares of 10p each	35.0	35.0
		=====	=====
11	Reserves	Merger	Profit and loss
		reserve	account
		£m	£m
	At start of period	330.4	(27.2)
	Retained loss for the period	-	(93.2)
	Other recognised gains and losses for the period (net)	-	16.7
		-----	-----
	At end of period	330.4	(103.7)
		=====	=====
		2008	2007
		£m	£m
	Profit and loss reserves excluding pension liability	(20.8)	(10.7)
	Pension asset/(liability)	7.1	(16.5)
		-----	-----
	Profit and loss reserves including pension liability	(13.7)	(27.2)
		=====	=====

Notes to the Accounts

12	Reconciliation of movement in shareholders' funds	2008 £m	2007 £m
	Retained loss for the period	(93.2)	(2.9)
	Other recognised gains for the period (net)	16.7	18.4
	Net (decrease)/increase in shareholders' funds	(76.5)	15.5
	Shareholders' funds at the start of the period	338.2	322.7
	Shareholders' funds at the end of the period	261.7	338.2

13 Pension schemes

The Company has a defined benefit scheme in which benefits ceased to accrue in respect of service after 31 July 2002 and employees were provided with defined contribution arrangements. The assets of the scheme are held separately from those of the Group and are invested by independent fund managers appointed by the Trustees.

The benefit obligations as at 28 March 2008 have been calculated by an independent actuary on an IAS 19 basis using membership data obtained from the 31 March 2007 triennial actuarial valuation which has then been updated to 28 March 2008.

The major assumptions used for FRS 17 purposes were

(a) Major assumptions used by the actuary

	2008	2007
Discount rate	6.40%	5.40%
Rate of increase in salaries	4.80%	4.50%
Pension increases	3.30%	3.00%
Inflation	3.30%	3.00%
Expected rate of return on scheme assets		
Equities	8.00%	8.00%
Corporate bonds	5.80%	5.30%
Other	5.25%	5.25%

Following analysis of mortality trends of the Scheme, which was carried out as part of the latest triennial actuarial assessment, it was decided to update the mortality assumptions by adopting the mortality tables PA92c2025 (2007 PA92c2015) for future pensioners and PA92c2015 (2007 PA92c2005) for current pensioners. Illustrative life expectancies are set out below.

		2008	2007
Member age 65 retiring immediately (current pensioner)	Male	19.4	18.5
	Female	22.4	21.4
Member age 40 retiring at 65 (future pensioner)	Male	20.2	19.4
	Female	23.1	22.4

Notes to the Accounts

13 Pension schemes (continued)

(b) The amounts recognised in the balance sheet

	2008		2007	
	£m	%	£m	%
Equities	197.1	38%	272.9	44%
Corporate bonds	315.2	61%	315.9	51%
Other	4.5	1%	31.0	5%
	-----	-----	-----	-----
Market value of scheme assets	516.8	100%	619.8	100%
Present value of scheme liabilities	(507.0)	=====	(647.1)	=====
	-----	-----	-----	-----
Surplus/(deficit) in the scheme	9.8		(27.3)	
Related deferred tax (liability)/asset	(2.7)		10.8	
	-----	-----	-----	-----
	7.1		(16.5)	
	=====		=====	

(c) Movement in the scheme assets

	2008	2007
	£m	£m
At start of period	619.8	626.9
Employer contributions	9.7	8.3
Current service cost	0.4	0.4
Member contributions	-	-
Expected return on pension scheme assets	35.8	40.2
Actuarial losses	(47.2)	(19.4)
Benefits paid	(101.7)	(36.6)
	-----	-----
At end of the period	516.8	619.8
	=====	=====

The expected rate of return on assets is a weighted average based on actual assets held by the Scheme and the respective returns expected on the separate asset classes and then deducting the expected administration costs. The expected rate of return on equities is set with reference to the expected long term return taking into account the expected out performance of equities over bonds. The expected return on bonds is measured directly from actual market yields for government and corporate bonds at the balance sheet date. Expected returns on cash are measured with reference to the Bank of England base rate.

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

	2008	2007
	£m	£m
At start of period	(647.1)	(711.5)
Current service cost	(0.4)	(0.4)
Interest on pension scheme liabilities	(32.2)	(34.7)
Actuarial gains	59.3	25.1
Experience gains	11.7	37.8
Benefits paid	101.7	36.6
	-----	-----
At end of the period	(507.0)	(647.1)
	=====	=====

Notes to the Accounts

13. Pension schemes (continued)

(e) Movement in the scheme surplus/(deficit) during the period

	2008 £m	2007 £m
At start of period	(27 3)	(84 6)
Employer contributions	9.7	8 3
Current service cost	0.4	0 4
Member contributions	-	-
Credit recognised in the income statement	3.2	5 1
Actuarial gain recognised in equity	23.8	43 5
	-----	-----
At end of the period	9 8	(27 3)
	=====	=====

(f) Amounts recognised in the profit and loss account

	2008 £m	2007 £m
Expected return on pension scheme assets	35 8	40 2
Interest on pension scheme liabilities	(32 2)	(34 7)
	-----	-----
Credited to finance income	3 6	5 5
Current service cost – charged to administrative expenses	(0 4)	(0 4)
	-----	-----
Total credited in the profit and loss account	3 2	5 1
	=====	=====

(g) Amounts to be recorded in the statement of total recognised gains and losses

	2008 £m	2007 £m
Difference between actual and expected return on assets	(47 2)	(19 4)
Experience gains/(losses) on liabilities	11 7	37 8
Change in actuarial assumptions	59 3	25 1
	-----	-----
Actuarial gain	23 8	43 5
	=====	=====

(h) Historical information

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Market value of scheme assets	516 8	619 8	626 9	544 1	477 9
Actuarial value of liability	(507 0)	(647 1)	(711 5)	(679 3)	(670 0)
	-----	-----	-----	-----	-----
Surplus/(deficit) in the scheme	9 8	(27 3)	(84 6)	(135 2)	(192 1)
	=====	=====	=====	=====	=====
Difference between actual and expected return on assets	(47 2)	(19 4)	62 9	16 4	47 0
Percentage of scheme assets (%)	9 1%	3 1%	10 0%	3 0%	9 8%
Experience gains/(losses) on scheme liabilities	11 7	37 8	(0 2)	18 4	13 7
Percentage of scheme liabilities (%)	2.3%	5 8%	-	2 7%	2 0%

Notes to the Accounts

13. Pension schemes (continued)

During the prior period, the Group decided to reduce some of the risk in relation to its defined benefit pension scheme by implementing two separate projects

- Deferred members were offered a payment, equal to the discount on the transfer value due to the scheme being underfunded, from the company if they opted to transfer out of the scheme to a new or existing scheme of their choice,
- Current pensioners were offered the option to change the way their benefits were received by way of a one off increase in their pension in return for foregoing all non statutory future annual increases. In addition, the pension scheme rules were amended to allow future pensioners the option of exchanging future pension increases at retirement

Whilst the latter project finished in March 2007, the former project only completed in December 2007. Subsequently, more people were transferred than previously expected and an additional gain has been booked in the current period

All members of the scheme have historically had the right to transfer out of the scheme and all pensioners included in the exercise were given the option to remain in the scheme. The Directors are of the view that the £2.5m gain that has arisen (2007: £25.6m) can be treated as an experience gain within actuarial gains and recorded direct to reserves as the number of deferred members transferring out as a result of the exercise is greater than that assumed in previous valuations.

As the payments made by the Group to deferred members transferring out of the scheme are closely linked to the actuarial gain arising and do not relate to the ongoing wage cost of current employees, the Directors are of the view that it is appropriate to record the charge of £nil (2007: £12.1m) direct to reserves in line with the accounting for the actuarial gain.

The £10.6m gain which arose in 2007 from the exercise with current pensioners results in a change in the way benefits can be taken, rather than a change in benefits. The Group have therefore recorded the gain that has arisen direct to reserves, an accounting treatment which is consistent with that adopted for the gains arising out of A Day.

The breakdown of the actuarial gains can be summarised as follows

	2008	2007
	£m	£m
Experience gains		
Deferred members	2.5	25.6
Pensioner increase exercise	-	10.6
Other gains	9.2	1.6
	<u>11.7</u>	<u>37.8</u>
	=====	=====
Change in actuarial assumptions		
Future pensioners accepting increase	-	3.8
Changes in market indices	59.3	21.3
	<u>59.3</u>	<u>25.1</u>
	=====	=====

The Trustees agreed to waive pension contributions to the value of the total cash payments. However, the monthly contributions continued to be paid by the Group into an Escrow account. At the period end, there is £nil (2007: £4.2m) in this account and it has been included within "cash and cash equivalents".

The prior period includes exceptional costs of £1.2m which relates to professional fees incurred to implement these arrangements.

Notes to the Accounts

14 Contingent liabilities

The company has cross guaranteed the borrowings of other subsidiaries in the Group which at the period end amounted to £66.2m (2007 £108.7m)

15. Related party transactions

The Company is a wholly owned subsidiary of Booker Group plc (formerly Blueheath Holdings plc). In accordance with paragraph 3(c) of FRS 8 'Related Party Transactions' the company is exempt from disclosing details of arrangements with subsidiaries of Booker Group plc.

16 Ultimate parent undertaking

At 28 March 2008, the ultimate parent undertaking was Booker Group plc (formerly Blueheath Holdings plc), a company registered in England and Wales. Booker Group plc was the parent undertaking of the only group, of which the company was a member, to consolidate these accounts. Copies of the Group accounts are available from Equity House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT. The company is a subsidiary undertaking of Giant Bidco Limited, incorporated in England and Wales.