

**THE BIG FOOD GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 53 WEEKS ENDED 1 MARCH 2020**

**Registered Number: 01529002**

**TUESDAY**



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## **THE BIG FOOD GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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The Directors present their Report and the audited financial statements of The Big Food Group Limited (the "Company") for the 53 weeks ended 1 March 2020 (prior period: 47 weeks ended 24 February 2019) ("2019").

#### **Business review and principal activity**

The principal activity of the Company is that of an intermediate holding company and principal employer to the Booker Group's defined benefit scheme. The Directors do not expect this to change significantly throughout the next financial period.

During the period, a simplification exercise was completed including an inter-company debt waiver and settling certain inter-company balances.

On an IAS 19 basis, the pension deficit (net of deferred tax) has increased from £91.5m last period to £141.5m at the end of the current period. The movement during the period is primarily attributable due to a £53.1m remeasurement of the scheme (see Note 13 to the financial statements).

#### **Results and dividends**

The results for the 53 weeks ended 1 March 2020 show a loss after tax of £31.1m (2019: loss after tax of £4.9m). The loss is due to the waiving of debts payable by group undertakings.

The Directors do not recommend the payment of a dividend for the 53 weeks ended 1 March 2020 (2019: £nil).

#### **Future developments**

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Tesco PLC Group's (the "Group") long-term strategies, which are discussed on page 5 of the Tesco PLC Annual Report and Financial Statements 2020, which does not form part of this Report.

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 13 to 18 of the Tesco PLC Annual Report and Financial Statements 2020, which do not form part of this Report.

#### **Business risk**

Uncertainty around the UK's future trading relationship with the EU and a failure to prepare for all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March, and on 23 March the UK Government announced a lockdown in the United Kingdom.

This could have a material impact upon the business. The fair value of plan assets is expected to be volatile in the short term due to uncertain market conditions. It is too early to assess the impact of COVID-19 upon the Group's long-term life expectancy assumptions.

## **THE BIG FOOD GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2020 (continued)**

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#### **Financial risk management**

The main risks associated with the Company's financial assets and liabilities are set out below:

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. Since the creditors comprises amounts owed to Group undertakings, the liquidity risk is determined to be low.

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Debtors comprises amounts owed by Group undertakings, hence credit risk is determined to be low.

#### **Going concern**

At 1 March 2020, the Company had net amounts owed by Group undertakings of £168.7m. The Booker Group Limited and its subsidiaries ("Booker Group") have significant interdependencies in terms of administration and financing, with two common Directors on all entities. At 1 March 2020, Booker Group had aggregate cash at bank and in hand of £155m and net amounts owed by other Tesco Group undertakings of £319m. The Directors consider that the Company has adequate resources, taking into account the impact of COVID-19 on the forecast cashflows of the Booker Group as a whole given the interdependencies that exist, to remain in operation for a period of at least 12 months from the date of signing the financial statements, whilst the Company also has access if needed to balances owed by Tesco Group undertakings. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

#### **Events after the reporting period**

Details of events after the reporting period can be found in Note 17 to the financial statements.

#### **Political donations**

There were no political donations for the period (2019: £nil) and the Company did not incur any political expenditure (2019: £nil).

#### **Research and development**

The Company does not undertake any research and development activities (2019: £nil).

#### **Employees**

The Company had no employees during the period (2019: none).

#### **Strategic report**

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a Strategic Report.

#### **Directors**

The following Directors served during the period and up to the date of signing these financial statements:

Veselin Bandev  
Charles Wilson

None of the Directors had disclosable interests in the Company during this period.

Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

## **THE BIG FOOD GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2020 (continued)**

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#### **Disclosure of information to auditor**

Each Director who is a Director of the Company at the date of approval of these financial statements confirms that:

- so far as the Directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Cautionary statement regarding forward-looking information**

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

#### **Directors' Responsibilities Statement**

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

Company law requires the Directors to prepare financial statements for each financial period. 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), including FRS 101 "Reduced Disclosure Framework".

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 judgements and accounting estimates that are reasonable and prudent; 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Independent auditor**

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Approval by the Board of Directors on 27 August 2020 and signed on behalf of the Board by:

*Veselin Bandev*

Veselin Bandev  
Director  
The Big Food Group Limited  
Registered Number: 01529002  
Registered Office: Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIG FOOD GROUP LIMITED**

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### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of The Big Food Group Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 1 March 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIG FOOD GROUP LIMITED (continued)**

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### **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 respect of these matters.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, 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 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIG FOOD GROUP LIMITED (continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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;

We have nothing to report in respect of these matters.

### **Use of our 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.



Jane Boardman, BSc FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

Date: 16 September 2020

**THE BIG FOOD GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 1 MARCH 2020**

	Note	53 weeks ended 1 March 2020 £m	47 weeks ended 24 February 2019 £m
Management fees		5.4	5.4
Exceptional items	4	-	(10.2)
<b>Operating loss</b>		<b>5.4</b>	<b>(4.8)</b>
Other expenses from simplification exercise		(33.5)	-
Interest receivable and similar income	7	0.5	-
Interest payable and similar charges	8	(2.5)	(1.0)
<b>Loss before tax</b>		<b>(30.1)</b>	<b>(5.8)</b>
Tax (charge)/credit	9	(1.0)	0.9
<b>Loss for the financial period</b>		<b>(31.1)</b>	<b>(4.9)</b>

**STATEMENT OF COMPREHENSIVE (LOSS)/INCOME**

	Note	53 weeks ended 1 March 2020 £m	47 weeks ended 24 February 2019 £m
<b>Loss for the financial period</b>		<b>(31.1)</b>	<b>(4.9)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the pension scheme	13e	(53.1)	(40.9)
Tax on pension scheme remeasurements	12	9.1	7.1
Other comprehensive loss for the period, net of tax		(44.0)	(33.8)
<b>Total comprehensive loss for the financial period</b>		<b>(75.1)</b>	<b>(38.7)</b>

There are no material differences between the loss before tax and the loss for the financial period stated above and their historical cost equivalents in the current and previous period.

All operations are continuing for the current and previous financial periods.

The notes on pages 10 to 21 form an integral part of these financial statements.



**THE BIG FOOD GROUP LIMITED**  
**BALANCE SHEET AS AT 1 MARCH 2020**


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	Note	1 March 2020 £m	24 February 2019 £m
<b>Non-current assets</b>			
Investments	10	-	-
Deferred tax: amounts falling due outside one year	9e	24.0	15.9
		<u>24.0</u>	<u>15.9</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	254.2	287.2
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(85.5)	(85.3)
		<u>168.7</u>	<u>201.9</u>
<b>Net current assets</b>			
		192.7	217.8
<b>Total assets less current liabilities</b>			
		192.7	217.8
<b>Net pension liability</b>	13	(141.5)	(91.5)
		<u>51.2</u>	<u>126.3</u>
<b>Net assets</b>			
		<u>51.2</u>	<u>126.3</u>
<b>Capital and reserves</b>			
Called up share capital	14	35.0	35.0
Merger reserve	14	330.4	330.4
Profit and loss account		(314.2)	(239.1)
		<u>51.2</u>	<u>126.3</u>
<b>Total shareholders' funds</b>			
		<u>51.2</u>	<u>126.3</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board of Directors and authorised for issue on 27 August 2020. They were signed on its behalf by:

*Veselin Bandev*

Veselin Bandev  
Director

The Big Food Group Limited

Registered Number: 01529002

Registered Office: Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT

**THE BIG FOOD GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED 1 MARCH 2020**

	Called up share capital * £m	Merger reserve £m	Profit and loss account £m	Total equity £m
At 30 March 2018	35.0	330.4	(200.4)	165.0
Total comprehensive loss for the financial period	-	-	(38.7)	(38.7)
At 24 February 2019	35.0	330.4	(239.1)	126.3
Total comprehensive loss for the financial period	-	-	(75.1)	(75.1)
<b>At 1 March 2020</b>	<b>35.0</b>	<b>330.4</b>	<b>(314.2)</b>	<b>51.2</b>

\* See Note 15 for a breakdown of the Called up share capital

The notes on pages 10 to 21 form an integral part of these financial statements.

## **THE BIG FOOD GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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#### **1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of The Big Food Group Limited (the “Company”) for the 53 weeks ended 1 March 2020 were approved by the Board of Directors on 27 August 2020 and the Balance Sheet was signed on the Board’s behalf by Veselin Bandev. These financial statements were prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”). The financial statements have been prepared on a going concern basis and under the historical cost convention and the Companies Act 2006, modified to include certain items at fair value.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Tesco PLC.

The Company’s financial statements are presented in Pound Sterling, which is the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest hundred thousand, except when otherwise indicated.

#### **2. General information**

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Equity House, Irthlingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom. The nature of the Company’s operations and its principal activity are set out in the Directors’ Report on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

#### **3. Accounting policies**

##### **a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101. Note 16 gives details of the Company’s parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

## **THE BIG FOOD GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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#### **3. Accounting policies (continued)**

##### **a) Basis of preparation (continued)**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from contracts with Customers*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*;
- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*; and
- the requirement in paragraph 38 of IAS 1 *'Presentation of Financial Statements'* to present comparative information in respect of:
  - (i) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
  - (ii) paragraph 118(e) of IAS 38 *Intangible Assets*.

#### **New and revised IFRS**

Changes to standards, interpretations and amendments effective in the current period had no material impact on the Company financial statements.

#### **Going concern**

At 1 March 2020, the Company had net amounts owed by Group undertakings of £168.7m. The Booker Group Limited and its subsidiaries ("Booker Group") have significant interdependencies in terms of administration and financing, with two common Directors on all entities. At 1 March 2020, Booker Group had aggregate cash at bank and in hand of £155m and net amounts owed by other Tesco Group undertakings of £319m. The Directors consider that the Company has adequate resources, taking into account the impact of COVID-19 on the forecast cashflows of the Booker Group as a whole given the interdependencies that exist, to remain in operation for a period of at least 12 months from the date of signing the financial statements, whilst the Company also has access if needed to balances owed by Tesco Group undertakings. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

## **THE BIG FOOD GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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#### **3. Accounting policies (continued)**

##### **b) Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

##### **Judgements**

There are no judgements which have a significant effect on amounts recognised in the financial statements.

##### **Estimates**

The following key sources of estimation uncertainty have had the most significant effect on the amounts recognized in the financial statements:

##### *IAS19 'Employee benefits'*

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in Note 13.

##### **c) Significant accounting policies**

##### **Management fees**

The Company recharges the employer pension contributions paid into the defined benefit scheme to another Group undertaking.

##### **Income taxes**

Current tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that that the Company will be required to settle that tax. Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

**THE BIG FOOD GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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**3. Accounting policies (continued)**

**c) Significant accounting policies (continued)**

**Deferred tax**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the Profit and Loss Account. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

*Current tax and deferred tax for the period*

Current and deferred tax are recognised in the Profit and Loss Account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Group relief on taxation**

The Company may receive or surrender group relief from Group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

**Investments**

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company tests the investment balances for impairment annually or when there are indicators of impairment.

**Pension**

The Company is the sponsoring employer of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit obligation of the plan to participating entities, the net defined benefit obligation of the pension plan is recognised fully by the sponsoring employer, which is the Company.

For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method) while plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the Profit and Loss Account; service costs are spread systematically over the expected service lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income/(Loss).

**Exceptional items**

As required by IAS1 'Presentation of financial statements', an item is disclosed separately if it is considered unusual by its nature and scale, and is of such significance that separate disclosure is required for the financial statements to be properly understood. Such items are referred to by the Company as exceptional items.

**THE BIG FOOD GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

<b>4. Operating loss</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Profit before tax is stated after charging:		
Equalisation of guaranteed minimum pensions (see note 13e)	-	10.2
	<u>-</u>	<u>10.2</u>
	<u>-</u>	<u>10.2</u>

**5. Auditor's remuneration**

The Auditor's remuneration for the current and prior period of £2,300 (2019: £2,000) was borne by another Group company for auditing the financial statements of the Company.

There were no non-audit fees payable to the Company's auditor in the current or prior period.

**6. Staff costs and Directors' remuneration**

**(a) Employee information**

The Company had no employees throughout this or the previous period, other than the Directors.

**(b) Directors' remuneration**

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. The Directors of the company were remunerated by other Group undertakings for their services to the Group as a whole. It is not practicable to allocate their remuneration in respect of each of the subsidiaries.

<b>7. Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Intercompany loan interest	<u>0.5</u>	<u>-</u>

<b>8. Interest payable and similar charges</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Intercompany loan interest	0.2	-
Net pensions charge (see note 13f)	2.3	1.0
	<u>2.5</u>	<u>1.0</u>

**THE BIG FOOD GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020****9. Tax charge/(credit)****(a) Factors that have affected the tax charge/(credit)**

The standard rate of corporation tax in the UK is 19% from 1 April 2017, and 17% from 1 April 2020. This gives a corporation tax rate for the Company for the full period of 19% (2019: 19%). Post the balance sheet date, legislation has been substantively enacted to repeal the reduction of the main corporation tax rate, thereby maintaining the current rate at 19%. These financial statements do not reflect the impact of this change as it was not substantively enacted by the balance sheet date. However, we expect an impact of £2.8m from remeasurement of temporary differences.

<b>(b) Tax charge/(credit) in the Profit and Loss Account</b>	<b>2020 £m</b>	<b>2019 £m</b>
<b>Current income tax:</b>		
UK corporation tax	-	-
<b>Deferred tax:</b>		
Charge/(credit) arising in the current period	0.6	(0.9)
Adjustments in respect of prior periods	0.4	-
<b>Total charge/(credit) for the period</b>	<b>1.0</b>	<b>(0.9)</b>

**(c) Reconciliation of the tax charge/(credit)**

The differences between the total charge/(credit) shown above and the amount calculated by applying the blended rate of UK corporation tax to profit are as follows:

	<b>2020 £m</b>	<b>2019 £m</b>
<b>Loss before tax</b>	<b>(30.1)</b>	<b>(5.8)</b>
Tax credit at standard UK corporation tax rate of 19% (2019: 19%)	(5.7)	(1.1)
Non deductible items	6.3	0.2
Prior period adjustment	0.4	-
<b>Total tax charge/(credit) for the period</b>	<b>1.0</b>	<b>(0.9)</b>

**(d) Deferred tax asset**

The following is the major deferred tax asset recognised by the Company and movements thereon during the current and prior financial periods measured using the tax rates that are expected to apply when the asset is realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

	<b>2020 £m</b>	<b>2019 £m</b>
At 24 February 2019	15.9	7.9
(Charge)/credit to Profit and Loss account	(1.0)	0.9
Credit to equity	9.1	7.1
<b>At 1 March 2020</b>	<b>24.0</b>	<b>15.9</b>



**THE BIG FOOD GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

<b>10. Investments</b>	<b>Subsidiaries</b>
	<b>£m</b>
<b>Cost</b>	
At start and end of period	<u>90.0</u>
<b>Provision</b>	
At start and end of period	<u>90.0</u>
<b>Net book value</b>	
At start and end of period	<u>-</u>

The Company's subsidiary undertaking at 1 March 2020 is as follows:

<b>Name of company</b>	<b>Principal activities</b>	<b>Class of share held</b>	<b>Ownership</b>
BF Limited	Dormant	£0.000000011111111 Ordinary	100%

The registered office is Equity House, Irthingborough Road, Wellingborough, Northamptonshire, NN8 1LT.

<b>11. Debtors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Amounts owed by Group undertakings	<u>254.2</u>	<u>287.2</u>

Of the amounts owed by Group undertakings, all amounts are unsecured, bear interest at LIBOR plus 0.95% and have no fixed payment date. During the period, following a simplification exercise, £33.5m of amounts owed by Group undertakings were waived.

<b>12. Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Amounts owed to Group undertakings	<u>85.5</u>	<u>85.3</u>

Of the amounts owed to Group undertakings, all amounts are unsecured, bear interest at LIBOR plus 0.95% and have no fixed payment date.

## THE BIG FOOD GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020

#### 13. Post-employment benefits

The Booker Pension Scheme ('the Scheme') is a funded defined benefit pension arrangement based on final salary and was closed to new entrants in 2001 with benefits ceasing to accrue from 2002. However, active members' benefits retain a link to their final salaries. The assets of the Scheme are held in separate trustee-administered funds to meet future benefit payments. The Scheme is established under trust law and complies with all relevant UK legislation. The Trustees are responsible for running the Scheme in line with the Trust Deed and Rules and for complying with UK pension's legislation. They are required to oversee the administration of the Scheme, arrange timely and correct payment of benefits and manage the Scheme's funding and investments.

The Company recharges the employer pension contributions paid into the defined benefit scheme to another Group undertaking.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer. The benefit obligations as at 1 March 2020 have been calculated by an independent actuary on an IAS 19 basis using the results of the 31 March 2019 triennial actuarial valuation which has then been updated to 1 March 2020. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

#### (a) Major assumptions used by the actuary

	2020	2019
RPI inflation	2.81%	3.11%
CPI inflation	1.98%	2.11%
Discount rate	1.79%	2.58%
Rate of increase in salaries	2.48%	2.11%
Pension increases in payment	2.84%	3.07%

The following table illustrates the expectation of life of an average member retiring at age 65 at the reporting date and a member reaching age 65 at the reporting date +25 years. A comparison between the two retiree dates illustrates the expected improvements in mortality over the next 25 years.

		2020	2019
Retiring at reporting date at age 65:	Male	21.4	21.8
	Female	23.8	24.0
Retiring at reporting date +25 years at age 65:	Male	23.1	23.6
	Female	25.6	25.9

The average duration of the defined benefit obligation is 17 years.

#### (b) The amounts recognised in the balance sheet

	2020 £m	2019 £m
Equities	21.3	48.3
Bonds	300.0	239.7
Property	50.9	50.4
Other (alternative assets)	100.2	127.2
Other Liability Driven Investments (LDI)	134.4	129.2
Cash	16.7	21.3
Fair value of Scheme assets	623.5	616.1
Present value of Scheme liabilities	(765.0)	(707.6)
Net liability	(141.5)	(91.5)

**THE BIG FOOD GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020****13. Post-employment benefits (continued)**

Where relevant, the bid value of the assets was provided by each of the various fund managers in which the scheme invests in. The LDI investment provides a long term expected return in line with equities but with asset value movements which respond to changes in bond yields and inflation expectations – this helps smooth the funding level compared to holding a traditional equity investment. All scheme assets have quoted prices in active markets. The scheme does not hold any of the Company's financial instruments or property as plan assets.

**(c) Movement in the fair value of the scheme assets**

	<b>2020</b>	2019
	<b>£m</b>	£m
At start of period	<b>616.1</b>	634.9
Employer contributions	<b>5.4</b>	5.4
Interest income	<b>15.8</b>	16.5
Return on assets (less amount included in interest income)	<b>19.7</b>	(5.2)
Benefits paid	<b>(33.5)</b>	(35.5)
	<hr/>	<hr/>
At end of the period	<b>623.5</b>	616.1
	<hr/>	<hr/>

**(d) Movement in the present value of the defined benefit obligation**

	<b>2020</b>	2019
	<b>£m</b>	£m
At start of period	<b>(707.6)</b>	(679.7)
Interest cost	<b>(18.1)</b>	(17.5)
Past service cost – plan amendments	<b>-</b>	(10.2)
Remeasurement gains/(losses):		
From changes in financial assumptions	<b>(80.1)</b>	(9.4)
From changes in demographic assumptions	<b>6.9</b>	(7.4)
From experience adjustments	<b>0.4</b>	(18.9)
Benefits paid	<b>33.5</b>	35.5
	<hr/>	<hr/>
At end of the period	<b>(765.0)</b>	(707.6)
	<hr/>	<hr/>

**(e) Movement in the net defined benefit liability**

	<b>2020</b>	2019
	<b>£m</b>	£m
At start of period	<b>(91.5)</b>	(44.8)
Employer contributions	<b>5.4</b>	5.4
Net interest charge recognised in the Profit and Loss Account	<b>(2.3)</b>	(1.0)
Exceptional charge recognised in the Profit and Loss Account	<b>-</b>	(10.2)
Total remeasurements included in statement of other comprehensive income	<b>(53.1)</b>	(40.9)
	<hr/>	<hr/>
At end of the period	<b>(141.5)</b>	(91.5)
	<hr/>	<hr/>

**THE BIG FOOD GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

**13. Post-employment benefits (continued)**

On 26 October 2018 a High Court judgement was handed down regarding the Lloyds Banking Group's defined benefit pension scheme which affects many pension schemes in the UK. The judgement concluded that schemes should be amended to ensure that members who have guaranteed minimum pensions (GMPs) receive the same benefits regardless of their gender. This change impacts GMP benefits accrued between 1990 and 1997. In consultation with independent actuaries, the Company has estimated the financial effect of equalising benefits is to increase the pension deficit by £10.2m. This has been recognised as a past service cost, and is presented as an exceptional item in the prior period of the Profit and Loss Account.

**(f) Amounts recognised in the Profit and Loss Account**

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Exceptional charge for GMP equalisation charge (see note 13e)	-	10.2
Expected return on pension scheme assets	<b>18.1</b>	17.5
Interest on pension scheme liabilities	<b>(15.8)</b>	(16.5)
Net interest expense on defined benefit obligation	<b>(2.3)</b>	(1.0)

**(g) Risks associated with defined benefit pension schemes**

The Company bears a number of risks in relation to the Scheme, which are described below:

*Investment Risk*

The Scheme's accounting liabilities are calculated using a discount rate set with reference to corporate bond yields. If the return on the Scheme's assets underperform this rate, the accounting deficit will increase. If the Scheme's assets underperform the expected return for the funding valuation, this may require additional contributions to be made.

*Interest Rate Risk*

A decrease in corporate bond yields will increase the accounting deficit under IAS 19. Similarly, a decrease in gilt yields will have an adverse impact on the funding position of the Scheme. This may lead to additional contributions to be made.

*Inflation Risk*

The Scheme's benefit obligations are linked to inflation. A higher rate of expected long-term inflation will therefore lead to higher liabilities, both for the IAS 19 and funding liability. If the Scheme's funding liability increases, this may require additional contributions to be made.

*Life Expectancy Risk:*

The Scheme's obligations are to provide benefits for the life of the member and so increases in life expectancy will lead to higher liabilities.

## THE BIG FOOD GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020

#### 13. Post-employment benefits (continued)

##### (h) Sensitivities

The sensitivity of significant assumptions upon the Scheme defined benefit obligations are detailed below:

Financial assumptions – Increase/(decrease) in defined benefit obligation	Discount rate	Inflation rate
Impact of 0.1% increase of the assumption	-1.6%	1.0%
Impact of 1.0% increase of the assumption	-14.6%	10.2%
Impact of 0.1% decrease of the assumption	1.7%	-1.0%
Impact of 1.0% decrease of the assumption	18.9%	-8.6%

Mortality assumptions – Increase/(decrease) in UK defined benefit obligation

Impact of 1 year increase in longevity	4.5%
Impact of 1 year decrease in longevity	-4.5%

Sensitivities are calculated by changing the relevant assumption whilst holding all other assumptions constant. The sensitivities reflect the range of recent assumption movements, and illustrate that the financial assumption sensitivities do not move in a linear fashion. Movements in the defined benefit obligation from discount rate and inflation rate changes may be partially offset by movements in assets.

##### (i) Contributions to be paid

The last actuarial funding valuation was carried out 31 March 2019 triennial of the Scheme, which revealed a shortfall of £103.3m at this date. This shortfall is expected to be recovered through Company deficit contributions of £15m per annum payable for six years with effect from 1 January 2020 and the returns achievable on the assets of the Scheme. Additional, it has been agreed to contribute £15m for a further 3 years, to ensure that the Scheme becomes fully funded on the “safe harbour” basis.

14. Capital and reserves	2020 £m	2019 £m
<b>Called up share capital</b>		
Allotted, called up and fully paid		
350,385,320 ordinary shares of £0.10 each	<b>35.0</b>	<b>35.0</b>

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

##### Merger reserve

The merger reserve represents the adjustment to reserves following acquisitions made a number of years ago.

## **THE BIG FOOD GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 1 MARCH 2020**

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#### **15. Related party transactions**

During the period the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

#### **16. Ultimate Group undertaking**

The Company's immediate parent undertaking is Booker Wholesale Holdings Limited. The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the Tesco PLC Annual Report and Financial Statements 2020 are available from the Company Secretary at the registered office address: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

#### **17. Events after the reporting period**

In light of the COVID-19 pandemic, the Company has considered whether any adjustments are required to reported amounts in the financial statements. As at the balance sheet date, no global pandemic had been declared, the UK was still in the 'containment' phase, large global share price falls had not yet occurred, and larger-scale outbreaks had not occurred in countries where the company operates. The full ramifications of COVID-19, and the extent of Government interventions in response, were not apparent.

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March, the UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The first large falls in stock markets occurred in early March. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events.

##### *Impact of COVID-19*

Given these events are of such significance, further explanation of the impact of increased volatility of assumptions on sensitivities presented in the financial statements are given below.

##### *Pension deficit*

Review of the key financial assumptions relating to the Company's defined benefit pension schemes subsequent to the year end indicate movements that fall within the range of sensitivities described in Note 13. It is too early to assess the impact of COVID-19 upon the Company's long term life expectancy assumptions. The fair value of plan assets is expected to be volatile in the short term due to uncertain market conditions.

The Directors have considered the impact of COVID-19 in the post balance sheet period, and there are no material impacts requiring disclosure under IAS 10 'Events after the reporting period'.