

THE BIG FOOD GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022

Registered Number: 01529002



THE BIG FOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022

The Directors present their Report and the audited financial statements of The Big Food Group Limited (the "Company") for the 52 weeks ended 27 February 2022 (prior period: 52 weeks ended 28 February 2021) ("2021").

Business review and principal activity

The principal activity of the Company is that of an intermediate holding company within the group of companies owned by Booker Group Limited ("Booker Group"). The company is the and principal employer to the Booker Group's defined benefit scheme. The company earns management fees from another Booker Group company who are a participating employer in the scheme and are responsible for the deficit reduction contributions. The Directors do not expect this to change throughout the next financial period.

There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change.

On an IAS 19 basis, the pension deficit (net of deferred tax) has decreased from £122.6m last period to £56.0m at the end of the current period.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

Results and dividends

The results for the 52 weeks ended 27 February 2022 show a profit before tax of £15.1m (2021: profit before tax £11.0m) and profit after tax of £14.0m (2021: profit after tax of £11.2m).

The Company has net assets at the period end of £118.2m (2021: net assets £48.8m) and has net current assets of £nil (2021: net current assets £nil).

The Directors do not recommend payment of a dividend for the 52 weeks ended 27 February 2022 (2021: £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 pages 4 to 22 of the Tesco PLC Annual Report and Financial Statements 2022, which do 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 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2022, which do not form part of this Report.

Business risk

The Company's principal business relationships are with Tesco PLC Group companies, by nature of their business, have continued to operate as essential businesses during the pandemic. This has served to mitigate some of the risk the Company is exposed to. At present, there is an increased level of macroeconomic uncertainty, which is beginning to show initial signs of impact on operational costs. This uncertainty has been exacerbated by the war in Ukraine. The Group is actively monitoring the situation and contingency measures are in place to manage these risks across the Group. As such, management believe that the short-term risks and impacts are understood and appropriate controls are in place. However, the long-term impacts remain uncertain and will continue to be monitored closely. The Group 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 local challenges as appropriate.

THE BIG FOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

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. The Company creditors are unsecured and interest bearing. Since the creditors comprises amounts owed to Booker Group undertakings and liquidity is managed centrally across the Booker Group as explained in the Going Concern note, 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. The Company debtors are amounts owed by Booker Group undertakings. Booker Group manages its liquidity centrally, has no external debt and has been cash generative over the last few years, which is expected to continue, therefore credit risk is determined to be low

Going concern

At 27 February 2022, the Company had net amounts owed by Booker Group undertakings of £174.2m. 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 27 February 2022, Booker Group had aggregate cash at bank and in hand of £154.0m and net amounts owed by other Tesco Group undertakings of £511.5m. The Booker Group has no external debt and has access, if needed, to £200m on short term deposit with Tesco Group undertakings which are typically placed on a three month basis and an overdraft facility. The Booker Group is cash generative and has been consistently over the past few years and expect the liquidity position to only strengthen going forwards. The Directors consider that the Company has adequate resources, taking into account the ongoing impacts of Brexit and the cost of living crisis on the forecast cash flows 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

There were no adjusting events after the reporting period that require mention in this Report.

Political donations

There were no political donations for the period (2021: £nil) and the Company did not incur any political expenditure (2021: £nil).

Research and development

The Company does not undertake any research and development activities (2021: £nil).

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.

Employee engagement

The Company had no employees during the period (2021: none). As a holding company within the Tesco PLC Group (the "Group"), any operating subsidiary employee engagement is integrated with the workforce engagement of the Group and is not managed separately. The purpose, culture and workforce engagement of the Group is discussed on pages 55 to 57 of the Tesco PLC Annual Report and Financial Statements 2022, which do not form a part of this Report.

Directors

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

Andrew Yaxley
Veselin Bandev

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

THE BIG FOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

Directors (continued)

Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements applicable to the Company and all other companies in the group headed by Booker Group Limited.

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 year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

THE BIG FOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

Approved by the Board of Directors on 22 August 2022 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, United Kingdom

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

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 27 February 2022 and of its profit 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/(loss);
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as pensions and valuations teams regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

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
23 August 2022

THE BIG FOOD GROUP LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022**

		52 weeks ended 27 February 2022	52 weeks ended 28 February 2021
	Notes	£m	£m
Other operating income		15.0	15.0
Administrative expenses		-	(4.3)
Operating profit	4	15.0	10.7
Interest receivable and similar income	7	4.2	4.1
Interest payable and similar charges	8	(4.1)	(3.8)
Profit before tax		15.1	11.0
Tax (charge)/credit on profit	9	(1.1)	0.2
Profit for the financial period		14.0	11.2

There are no material differences between the profit before tax and the profit 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 12 to 23 form an integral part of these financial statements.

THE BIG FOOD GROUP LIMITED**STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022**

		52 weeks ended 27 February 2022	52 weeks ended 28 February 2021
	Notes	£m	£m
Profit for the financial period		14.0	11.2
Items that will not be reclassified to profit or loss			
Remeasurement of the pension scheme	14e	65.8	(19.6)
Tax on pension scheme remeasurement	9d	(10.4)	6.0
Other comprehensive income/(loss) for the period, net of tax		55.4	(13.6)
Total comprehensive income/(loss) for the period		69.4	(2.4)

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

The notes on pages 12 to 23 form an integral part of these financial statements.

THE BIG FOOD GROUP LIMITED
BALANCE SHEET AS AT 27 FEBRUARY 2022

		27 February 2022	28 February 2021
	Notes	£m	£m
Non-current assets			
Investments	10	-	-
Debtors: amounts falling due after more than one year	12	174.2	171.4
Deferred tax asset	9	18.7	30.2
		192.9	201.6
Current assets			
Debtors: amounts falling due within one year	11	88.3	86.9
		88.3	86.9
Current liabilities			
Creditors: amounts falling due within one year	13	(88.3)	(86.9)
Net current assets		-	-
Total assets less current liabilities		192.9	201.6
Non-current liabilities			
Pension liability	14	(74.7)	(152.8)
Net assets		118.2	48.8
Capital and reserves			
Called up share capital	15	35.0	35.0
Merger reserve	15	330.4	330.4
Profit and loss account		(247.2)	(316.6)
Total shareholders' funds		118.2	48.8

The notes on pages 12 to 23 form an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved by the Board of Directors and authorised for issue on 22 August 2022. 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, United Kingdom

THE BIG FOOD GROUP LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022**

	Called up share capital *	Merger reserve	Profit and loss account	Total equity
	£m	£m	£m	£m
Balance as at 1 March 2020	35.0	330.4	(314.2)	51.2
Total comprehensive loss for the financial period	-	-	(2.4)	(2.4)
Balance as at 28 February 2021	35.0	330.4	(316.6)	48.8
Total comprehensive income for the financial period	-	-	69.4	69.4
Balance as at 27 February 2022	35.0	330.4	(247.2)	118.2

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

The notes on pages 12 to 23 form an integral part of these financial statements.

THE BIG FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022

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 52 weeks ended 27 February 2022 were approved by the Board of Directors on 22 August 2022 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.

As permitted by Schedule 1 to the Accounting Regulations, the presentation of the financial statements have been adapted to be in line with the presentation prescribed by IAS 1.

The functional currency of the Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

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 results are included in the consolidated financial statements of Tesco PLC, which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

The Company's financial statements are presented in Pound Sterling and all values are rounded to the nearest hundred thousands, except when otherwise indicated.

2. General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered 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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted for use within the UK ("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. Following the UK's exit from the European Union the Company has early adopted the FRS 101 amendments 'UK exit from the European Union'.

The Company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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 BIG FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

3. Accounting policies (continued)

a) Basis of preparation (continued)

- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 of Regulations is presented separately for lease liabilities and other liabilities, and in total;
- the disclosure requirements of IFRS 2 Share based payments;
- 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;
 - (ii) paragraph 118(e) of IAS 38 Intangible Assets; and
 - (iii) paragraph 79(a)(iv) of IAS 1

b) New and revised IFRS applied with no material effect on the financial statements

The Company has not applied any new standards, interpretations or amendments which are effective in the current financial year that have a material effect on the financial statements. Hence there has been no impact in the financial statements.

c) Going concern

At 27 February 2022, the Company had net amounts owed by Booker Group undertakings of £174.2m. 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 27 February 2022, Booker Group had aggregate cash at bank and in hand of £154.0m and net amounts owed by other Tesco Group undertakings of £511.5m. The Booker Group has no external debt and has access, if needed, to £200m on short term deposit with Tesco Group undertakings which are typically placed on a three month basis and an overdraft facility. The Booker Group is cash generative and has been consistently over the past few years and expect the liquidity position to only strengthen going forwards. The Directors consider that the Company has adequate resources, taking into account the ongoing impacts of Brexit and the cost of living crisis on the forecast cash flows 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.

d) 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.

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 14.

Judgements

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

THE BIG FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

3. Accounting policies (continued)

e) Significant accounting policies

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company tests the investment balances for impairment when there are indicators of impairment. Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the Profit and Loss Account, except when it relates to items charged or credited directly in equity or other comprehensive income, in which case deferred tax is also recognised in equity or other comprehensive income, respectively.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****3. Accounting policies (continued)****e) Significant accounting policies (continued)****Pension and post-employment benefits**

A defined contribution scheme, Tesco Retirement Savings Plan, is open to all Tesco employees in the UK. A defined contribution pension scheme is one under which members pay contributions to an independently administered fund, into which the Company also pays contributions based upon a fixed percentage of the members' contributions. The Group has no legal or constructive obligation to pay further contributions to this fund once its initial contributions have been paid. Members' benefits upon retirement are then determined by the amount of contributions paid into the fund, together with the performance of the investments into which those contributions have been invested. Members are able to choose the investments into which their contributions are invested, as well as how they wish to receive benefits upon retirement. As a result, any risks associated with either the future value of benefits or the performance of the assets invested lie with the member. Payments to this scheme are recognised as an expense as they fall due.

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).

The Company has defined contribution pension schemes to which it makes contributions to fund the retirement benefits of members within the schemes during the period. The cost in respect of defined contribution schemes is charged to the profit and loss account in the period in which contributions become payable.

Interest receivable and similar income

Interest receivable is calculated on accrual basis.

Interest payable and similar charges

Intercompany interest-bearing loans and bank overdrafts are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Profit and Loss Account over the period of the borrowings on an effective interest basis.

Other operating income

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

4. Operating profit

	2022 £m	2021 £m
Profit before interest and tax is stated after charging:		
Equalisation of guaranteed minimum pensions (Note 14)	-	4.3

5. Auditor's remuneration

The Auditor's remuneration for the current and prior period of £3,250 (2021: £2,300) was borne by another Group company for auditing the financial statements of the Company, and is not repayable.

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

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****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, and are not repayable. It is not practicable to allocate their remuneration in respect of each of the subsidiaries.

7. Interest receivable and similar income

	2022 £m	2021 £m
Intercompany loan interest	4.2	4.1
	4.2	4.1

8. Interest payable and similar charges

	2022 £m	2021 £m
Intercompany loan interest	1.4	1.4
Net pensions charge (Note 14)	2.7	2.4
	4.1	3.8

9. Tax (charge)/credit on profit**(a) Factors that have affected the tax (charge)/credit**

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2021: 19%). The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. As the change to the main UK corporation tax rate was substantively enacted by the balance sheet date the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

b) Tax (charge)/credit in the Profit and Loss Account

The analysis of the (charge)/credit for the period is as follows:

	2022 £m	2021 £m
Current income tax:		
UK corporation tax on profit for the financial period	(3.3)	-
Total current income tax charge	(3.3)	-
Deferred tax:		
Current period	0.5	(0.3)
Impact of rate change adjustment	1.7	0.5
Total deferred tax credit	2.2	0.2
Total tax (charge)/credit in the Profit and Loss account	(1.1)	0.2

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****9. Tax (charge)/credit on profit (continued)****(c) Reconciliation of the tax (charge)/credit**

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

	2022 £m	2021 £m
Profit before tax	15.1	11.0
Tax charge at standard UK corporation tax rate of 19% (2021: 19%)	(2.9)	(2.1)
Effects of:		
Change in tax rate	1.7	0.5
Group relief surrendered without payment	0.1	1.8
Total tax (charge)/credit	(1.1)	0.2

(d) Tax in the statement of comprehensive income

	2022 £m	2021 £m
Corporation tax credit on pension scheme remeasurement	3.3	-
Deferred tax (charge)/credit on pension scheme remeasurement	(13.7)	6.0
Total tax (charge)/credit to Other Comprehensive Income	(10.4)	6.0

(e) Deferred tax assets

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.

	Pension £m	Total £m
Balance as at 1 March 2020	24.0	24.0
Origination and reversal of temporary differences		
- In respect of the current period	(0.3)	(0.3)
- In respect of rate change	0.5	0.5
Charged to other comprehensive income	6.0	6.0
Balance as at 28 February 2021	30.2	30.2
Origination and reversal of temporary differences		
- In respect of the current period	0.5	0.5
- In respect of rate change	1.7	1.7
Charged to other comprehensive income		
- In respect of the current period	(19.7)	(19.7)
- In respect of rate change	6.0	6.0
Balance as at 27 February 2022	18.7	18.7

The UK Government announced an increase in the corporation tax rate from 19% to 25%, with an effective date of 1 April 2023, which was substantively enacted on 24 May 2021.

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****10. Investments**

	Total £m
Cost	
At 28 February 2021	90.0
At 27 February 2022	90.0
Provision	
At 28 February 2021	90.0
At 27 February 2022	90.0
Net book value:	
At 27 February 2022	-
At 28 February 2021	-

Details of Subsidiary undertakings

In accordance with Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings, the registered office address, the place of incorporation and the percentage of each share class owned as at 27 February 2022 are disclosed below.

Subsidiary undertakings as at 27 February 2022

Name of Entity	Registered office address	Share class	% interest held	Direct/ Indirect holding
BF Limited	1	£0.0000000111111111 Ordinary	100%	Direct

Registered office address:

- 1 Equity House, Irthingborough Road, Wellingborough, Northamptonshire, NN8 1LT, United Kingdom

11. Debtors: amounts falling due within one year

	2022 £m	2021 £m
Amounts owed by Booker Group undertakings	88.3	86.9
	88.3	86.9

Of the amounts owed by Booker Group undertakings, all amounts are unsecured, bear interest at 1.62% and have no fixed payment date.

12. Debtors: amounts falling due within after more than one year

	2022 £m	2021 £m
Amounts owed by Booker Group undertakings	174.2	171.4
	174.2	171.4

Of the amounts owed by Booker Group undertakings, all amounts are unsecured, bear interest at 1.62% and have no fixed payment date. The amounts receivable from Booker Group companies presented as current assets are expected to be settled within the next twelve months.

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****13. Creditors: amounts falling due within one year**

	2022 £m	2021 £m
Amounts owed to Booker Group undertakings	88.3	86.9
	88.3	86.9

Of the amounts owed to Booker Group undertakings, all amounts are unsecured, bear interest at 1.62% and have no fixed payment date.

14. 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 27 February 2022 have been calculated by an independent actuary on an IAS 19 basis using the results of the 1 March 2020 triennial actuarial valuation which has then been updated to 27 February 2022. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

(a) Major assumptions used by the actuary

	2022 %	2021 %
RPI inflation	3.49	3.02
CPI inflation	3.01	2.50
Discount rate	2.68	1.87
Rate of increase in salaries	3.51	3.00
Rate of increase of deferred benefits	3.43	3.00
Pension increases in payment	3.43	3.00

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.

		2022	2021
Retiring at reporting date at age 65:	Male	21.5	21.5
	Female	23.9	23.9
Retiring at reporting date +25 years at age 65:	Male	23.3	23.2
	Female	25.7	25.7

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****14. Post-employment benefits (continued)****(b) The amounts recognised in the balance sheet**

	2022 £m	2021 £m
Equities	33.4	45.1
Bonds	270.5	283.9
Property	32.7	51.4
Other (alternative assets)	112.8	109.6
Other Liability Driven Investments (LDI)	154.0	93.3
Cash	33.1	17.6
Fair value of Scheme assets	636.5	600.9
Present value of Scheme liabilities	(711.2)	(753.7)
Net pension liability	(74.7)	(152.8)

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 assets are quoted other than the 'Other' category. Unquoted assets are valued in accordance with IFRS 13, using the most appropriate level within the fair value hierarchy based on the specifics of the asset class, and in line with industry standard guidelines, including the RICS methodology for property and the IPEV guidelines for private equity. 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

	2022 £m	2021 £m
At start of period	600.9	623.5
Employer contributions	15.0	15.0
Interest income	11.1	10.9
Return on assets (less amount included in interest income)	39.8	(16.4)
Benefits paid	(30.3)	(32.1)
At end of the period	636.5	600.9

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

	2022 £m	2021 £m
At start of period	(753.7)	(765.0)
Service cost – past (plan amendments)	-	(4.3)
Interest cost	(13.8)	(13.3)
Remeasurement gains/(losses):		
From experience adjustments	(7.9)	7.6
From changes in demographic assumptions	(8.3)	-
From changes in financial assumptions	42.2	(10.8)
Benefits paid	30.3	32.1
At end of the period	(711.2)	(753.7)

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****14. Post-employment benefits (continued)****(e) Movement in the net defined benefit liability**

	2022 £m	2021 £m
At start of period	(152.8)	(141.5)
Employer contributions	15.0	15.0
Net interest charge recognised in the profit and loss account	(2.7)	(2.4)
Past service cost recognised in the profit and loss Account	-	(4.3)
Total remeasurements included in the statement of other comprehensive income	65.8	(19.6)
At end of the period	(74.7)	(152.8)

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 £4.3m. This has been recognised as a past service cost in the prior period of the Profit and Loss Account.

(f) Amounts recognised in the Profit and Loss Account

	2022 £m	2021 £m
GMP equalisation charge (Note 4)	-	(4.3)
Expected return on pension scheme assets	11.1	10.9
Interest on pension scheme liabilities	(13.8)	(13.3)
Net interest expense on defined benefit obligation	(2.7)	(2.4)

(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 Company is not required to recognise any additional liabilities in relation to funding plans, or limit the recognition of any surpluses, as any future economic benefits will be available to the Company by way of future refunds.

THE BIG FOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)****14. Post-employment benefits (continued)****(h) Sensitivities**

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

	2022	2021
Financial assumptions – Increase/(decrease) in defined benefit obligation		
Discount rate		
Impact of 0.1% increase of the assumption	-1.5%	-1.6%
Impact of 1.0% increase of the assumption	-13.3%	-14.6%
Impact of 0.1% decrease of the assumption	+1.5%	+1.7%
Impact of 1.0% decrease of the assumption	+16.8%	+18.9%
Inflation rate		
Impact of 0.1% increase of the assumption	+1.0%	+1.0%
Impact of 1.0% increase of the assumption	+10.1%	+10.2%
Impact of 0.1% decrease of the assumption	-0.9%	-1.0%
Impact of 1.0% decrease of the assumption	-9.1%	-8.6%
	2022	2021
Mortality assumptions – Increase/(decrease) in UK defined benefit obligation		
Impact of 1 year increase in longevity	+3.8%	+4.5%
Impact of 1 year decrease in longevity	-3.8%	-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 2020 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.

15. Capital and reserves

Called up share capital	2022 £m	2021 £m
Allotted, called up and fully paid		
350,385,320 ordinary shares of £0.10 each	35.0	35.0

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 52 WEEKS ENDED 27 FEBRUARY 2022 (continued)

16. 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.

17. Ultimate group undertaking

The Company's immediate parent undertaking is Booker Wholesale Holdings Limited. The Company's ultimate parent undertaking 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. Tesco PLC is listed on the London Stock Exchange therefore in the opinion of the directors there is no ultimate controlling party.

Copies of the Tesco PLC Annual Report and Financial Statements 2022 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 or from the Tesco Plc website.