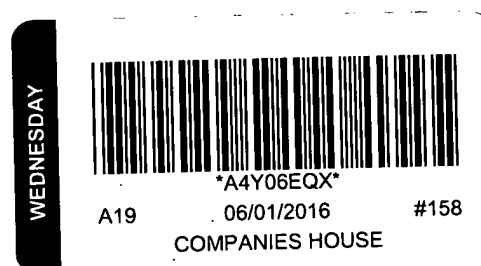


A. F. Blakemore and Son Limited

Financial statements 2015



Registered number: 391135

Company Information

Company registration number 391135

Registered office Long Acres Industrial Estate
Rosehill
Willenhall
West Midlands
WV13 2JP

Directors P F Blakemore (Chairman)
G Hallam
W C Wilcox
W J Capper
J C Marwood
S Munro-Morris
I J Diment

Auditor Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

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Chairman's Statement

I am pleased to announce that the company traded well during the 2015 financial year.

Sales increased from £1.19bn to £1.28bn, an increase of 7.6%.

Pre-tax profits increased from £7.6m to £9.0m, an increase of 18.5%.

Shareholders' funds increased from £78.6m to £79.6m. This was after a £3.4m increased provision for pension schemes liabilities.

These are encouraging results in a year when food retailing and wholesaling has encountered many problems. Nearly all the major food retailers have suffered declines in sales together with significant declines in profitability. Many food and drink wholesalers have also made significant trading losses during this period.

There has been a continuing trend of consumers shopping more frequently from a larger variety of outlets. Supermarkets have continued to attract lower sales whilst convenience stores have seen growth both in numbers and turnover. On line retailers and discount stores have maintained their considerable growth plans and have taken trade from the major supermarket groups causing increased price competition.

We have continued to attract new stores to join SPAR and we have invested considerable time and money to help our independent customers develop their stores.

Our retail business performed strongly during the year as we continue to invest in and modernise our retail estate, helping to drive a like for like sales increase of 1.8%.

Wholesale has also performed well during times of great upheaval for many other operators in these markets.

Looking ahead it is clear that we will need to support all our retail partners through a time of great change that will see the introduction of the new Living Wage amongst other cost pressures. It is therefore likely that our policy of investing in competitive wholesale pricing will need to continue.

A.F. Blakemore and Son is committed to growing in a profitable and sustainable way for the benefit of our staff, customers and the community. This commitment is reflected in our continued reinvestment strategy, where 98% of the company's profits are invested back into the business, with the remaining 2% received by the Blakemore Foundation charitable trust. This ongoing reinvestment has resulted in the significant growth of our business in recent years, represented by a sales growth from £673m to £1.3bn since 2007.

I would like to thank all members of staff who have contributed to this good result.



P F Blakemore
Chairman

Strategic report

The directors present their report and the financial statements of the group for the year. The financial statements are made up to the nearest Sunday to 30 April each year. The current financial year is the 52 weeks ended 26 April 2015 (the 'year').

Principal activities

The principal activity of the group continued to be wholesale and retail distribution of grocery products and the operation of grocery based convenience stores.

Business review

A review of the business activities for the year is contained in the Chairman's statement in page 1, which forms part of this strategic report.

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business.

Economic climate

The success of the business is reliant on consumer spending. During times of economic instability, the reduction of consumer spending power will have a direct impact on the income achieved by the group.

In response to this risk, management aim to keep abreast of economic conditions. The group constantly review and modify marketing and pricing strategies in response to changing market conditions.

Competition

The market in which the group operates continues to be increasingly competitive. As a result, there is constant downwards pressure on margins. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

People

The success of the group is largely dependent on the recruitment and retention of our employees. There are training programmes and remuneration schemes in place to mitigate the risk of a shortage of suitable staff resources.

Key performance indicators (KPIs)

The directors use many performance indicators, both financial and non-financial, to monitor the group's performance. The three principal KPIs are turnover, gross profit margin and earnings before tax, which are fundamental to the future profitable growth of the group.

	2015	2014
Turnover	£1,276.0m	£1,191.7m
Gross profit margin	13.86%	14.88%
Earnings before tax	£9.0m	£7.6m

The increase in turnover has been achieved primarily through the effect of a full year's trade of B.A. Cash & Carry which was acquired in the previous financial year. Gross margin has declined for the reasons mentioned in the principal risks and uncertainties highlighted above.

Strategic report (continued)

Key performance indicators (KPIs) (continued)

Responsible Business KPIs

In line with the group's purpose, A.F. Blakemore and Son Limited is increasingly focussed upon growing a family business in ways that are profitable and sustainable for the benefit of staff, customers and the community.

This purpose is reflected in the group's corporate responsibility programme which identifies and measures the way that the company impacts the workplace, marketplace community and environment in line with the Blakemore Way values.

Workplace – The way we maximise staff potential and their contribution to the group's success

- Colleagues attending training & development courses = 5,297 (2014: 6,246)
- Group Labour Stability Index = 75.33% (2014: 75.35%)
- Overall Colleague Engagement Score = 3.02 out of 4

The group has made great progress with its behavioural based leadership development programme 'Leading the Blakemore Way' that is now being rolled out to the next level of middle managers across the company.

By the end of 2015 financial year 80 directors and senior managers had attended an Advanced Leading the Blakemore Way course, 361 senior and middle managers had attended a three-day course with 487 junior managers and specialists attending a two-day programme.

This will be rolled out further over the years ahead to help develop leadership capability across group and support the sustainable growth of the group.

Marketplace – The way we give great service to all our customers and add value to our trade partners

- Blakemore Retail Mystery Shopper Results = 94.20% SPARKling Store Score (2014: 83%)
- Blakemore Wholesale overall Mystery Shopper score = 88%
- Key Marketplace Award Wins:
 - Blakemore Trade Partners independent retailer SPAR Parkfoot was named Retailer of the Year at the Convenience Retail Awards 2014
 - Blakemore Trade Partners independent retailer High Noon Stores named Independent Retail Chain of the Year at the Grocer Gold Awards 2014
 - Blakemore Wholesale Lifestyle Express retailer Bay Bashir recognised as Responsible Retailer of the Year at the Asian Trader and Independent Achievers Awards
 - Blakemore Fine Foods Commercial Director Caoire Blakemore was recognised with a Grocer Top New Talent Award for outstanding contribution to the grocery industry. In addition, the divisions Producer Growth Scheme was re-accredited with a Business in the Community Big Tick in the category of Enterprise Growth.
 - SPAR won Symbol/Fascia Group of the Year at the Retail Industry Awards 2014.

Strategic report (continued)

Community – The way we make a significant, positive contribution to the community

- Number of donations made by the Blakemore Foundation = 2,975 (2014: 2,493)
- Total amount fundraised for NSPCC ChildLine via Blakemore Retail = £271,057 (2014: £342,354)
- Number of employee volunteer hours in the community = 9,568 (2014: 8,313)
- Number of employee volunteers in the community = 893 (2014: 663)

The group is proud of the contribution it makes to the community and is very pleased with the great progress it has made over the past year.

The group is fully committed to continuing this activity. For financial year to April 2016 the business has set targets to engage 15% of its workforce in community volunteering activity and support a further 250,000 members of local communities through volunteering and the Blakemore Foundation.

Environment – The way we acknowledge, measure and minimise our environmental impact

- Energy consumed = 42,516 CO₂t (2014: 49,916 CO₂t, 2013: 49,921 CO₂t)
- Waste recycled through the A.F. Blakemore recycling centre = 5,410 tonnes (2014: 5,028 tonnes)

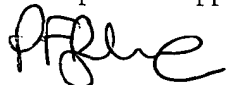
The group has made significant improvements in energy usage and recycling over the course of the past year. The company has continued to invest in energy-efficient refrigeration, lighting and fuel-efficient vehicles.

The business is committed in continuing to minimise waste in its operation, improve efficiencies in fuel and energy usage and help suppliers and customers minimise their environmental impact.

In the year ahead the business has set targets to improve energy efficiency by 3% across all depots, recycle 95% of its total waste and improve the efficiency of its vehicle fleet by 3%.

Divisional boards meet every four weeks to review business performance and our responsible business activities form an integral part of these discussions.

This report was approved by the board on 19/11/2015 and signed on its behalf.



P F Blakemore (Chairman)
Director

Directors' report

Results and dividends

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements. A review of the progress of the group during the year and its prospects for the future are included in the Chairman's statement.

Dividends of £nil per share have been paid during the year (2014: £nil).

The principal risks and uncertainties facing the group have been outlined within the Strategic report.

Financial risk management objectives and policies

The group's principal financial instruments comprise bank and other loans, bank overdrafts, operating lease contracts, finance lease and hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to fund the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The group's exposure to market risk for changes in interest rates relates primarily to the group's bank loans and overdrafts. The group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of commercial rates related to LIBOR and the Bank of England base rate.

Credit risk

The group trades with only recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis and, where appropriate, credit insurance is utilised with the result that the group's exposure to bad debts is mitigated.

Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The group has an undrawn overdraft facility of £22,654,000 as at 26 April 2015.

Directors

The directors who served during the year were:

P F Blakemore (Chairman)
G M Blakemore (retired 7 August 2015)
G Hallam
W C Wilcox
B Davies (resigned 30 April 2015)
W J Capper
J C Marwood
S Munro-Morris
I J Diment

Directors' report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the company and the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Qualifying indemnity insurance

Qualifying indemnity insurance was in place for the directors during the year which was also in force at the date of this report.

Charitable donations

The group contributed £180,000 to charities during the year.

Disabled employees

The group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Directors' report (continued)

Employee consultation

The group ensures that there is effective communication with members of its staff so that they are fully aware of key aspects of the group's business strategy and environment by holding an annual management conference along with regular divisional meetings.

Post balance sheet events

On 30 April 2015 the group acquired 50% of the share capital of Eat17 Limited, a company consisting of two convenience and restaurant sites based in East London, for consideration of £1,500,000.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board on 19/11/2015 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'S Munro-Morris', with a stylized flourish at the end.

S Munro-Morris
Director

Independent Auditor's Report to the Members of A. F. Blakemore and Son Limited

We have audited the financial statements of A. F. Blakemore and Son Limited for the year ended 26 April 2015, which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement, the reconciliation of net cash flow to the movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 26 April 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of A. F. Blakemore and Son Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Kathryn Godfree (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Birmingham
Date: *19 November 2015*

Group Profit and Loss Account

	Note	2015 £'000	2014 £'000
Turnover	2	1,275,954	1,191,658
Cost of sales		(1,099,164)	(1,014,289)
Gross profit		176,790	177,369
Other operating charges	3	(167,074)	(168,015)
Other operating income	3	568	655
Profit on ordinary activities before interest		10,284	10,009
Interest receivable and similar income	7	954	408
Interest payable and similar charges	8	(2,227)	(2,814)
Profit on ordinary activities before taxation		9,011	7,603
Tax on profit on ordinary activities	9	(2,663)	(2,553)
Profit for the financial year	21	6,348	5,050

All amounts relate to continuing operations.

The notes on pages 15 to 46 form part of these financial statements.

Group statement of total recognised gains and losses

	Note	2015 £'000	2014 £'000
Profit for the financial year		6,348	5,050
Unrealised gain on revaluation of certain fixed assets		-	51
Actuarial (loss)/gain related to pension scheme	27	(6,590)	3,300
Deferred tax attributable to actuarial losses/(gains)	18	1,320	(694)
Total recognised gains and losses relating to the year		1,078	7,707

The notes on pages 15 to 46 form part of these financial statements.

Group Balance Sheet

		26 April 2015		27 April 2014 (restated)	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		16,794		18,061
Tangible assets	11		93,685		97,326
			<u>110,479</u>		<u>115,387</u>
Current assets					
Stocks	14	93,975		100,253	
Debtors: due within one year	15	93,991		83,959	
Debtors: due after more than one year	15	703		711	
Cash at bank		6,839		7,548	
		<u>195,508</u>		<u>192,471</u>	
Creditors: amounts falling due within one year	16	<u>(176,281)</u>		<u>(178,482)</u>	
Net current assets			<u>19,227</u>		<u>13,989</u>
Total assets less current liabilities			<u>129,706</u>		<u>129,376</u>
Creditors: amounts falling due after more than one year	17		(37,676)		(41,710)
Provisions for liabilities					
Deferred tax	18	-		-	
Other provisions	19	(898)		(1,008)	
			<u>(898)</u>		<u>(1,008)</u>
Net assets excluding pension scheme liabilities			<u>91,132</u>		<u>86,658</u>
Defined benefit pension scheme liabilities	27		(11,500)		(8,102)
Net assets including pension scheme liabilities			<u>79,632</u>		<u>78,556</u>
Capital and reserves					
Called up share capital	20		5		5
Revaluation reserve	21		4,589		4,594
Capital redemption reserve	21		1		1
Profit and loss account	21		75,037		73,956
Shareholders' funds	22		<u>79,632</u>		<u>78,556</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on



P F Blakemore (Chairman)
 Director




S Munro-Morris
 Director


The notes on pages 15 to 46 form part of these financial statements.

Company Balance Sheet

		26 April 2015		27 April 2014 (restated)	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		12,525		13,286
Tangible assets	11		31,030		33,581
Investments	12		59,913		59,913
			<u>103,468</u>		<u>106,780</u>
Current assets					
Stocks	14	93,975		100,253	
Debtors: due within one year	15	94,676		84,566	
Debtors: due after more than one year	15	10,161		14,652	
Cash at bank		6,839		7,548	
		<u>205,651</u>		<u>207,019</u>	
Creditors: amounts falling due within one year	16	<u>(184,761)</u>		<u>(187,462)</u>	
Net current assets			<u>20,890</u>		<u>19,557</u>
Total assets less current liabilities			<u>124,358</u>		<u>126,337</u>
Creditors: amounts falling due after more than one year	17		(91,596)		(95,454)
Provisions for liabilities					
Other provisions	19	(898)		(1,008)	
			<u>(898)</u>		<u>(1,008)</u>
Net assets excluding pension scheme liabilities			<u>31,864</u>		<u>29,875</u>
Defined benefit pension scheme liabilities	27		(11,500)		(8,102)
Net assets including pension scheme liabilities			<u>20,364</u>		<u>21,773</u>
Capital and reserves					
Called up share capital	20		5		5
Capital redemption reserve	21		1		1
Profit and loss account	21		20,358		21,767
Shareholders' funds	22		<u>20,364</u>		<u>21,773</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/11/2015.


P F Blakemore (Chairman)
 Director


S Munro-Morris
 Director

The notes on pages 15 to 46 form part of these financial statements.

Group Cash Flow Statement

	Note	2015 £'000	2014 £'000
Net cash flow from operating activities	23	7,546	21,083
Returns on investments and servicing of finance	24	(1,958)	(2,640)
Taxation		(1,847)	(2,011)
Capital expenditure and financial investment	24	(4,068)	(4,763)
Acquisitions and disposals	24	2,130	(6,551)
Cash inflow before financing		1,803	5,118
Financing	24	(4,363)	(2,265)
(Decrease)/increase in cash in the year		(2,560)	2,853

Reconciliation of Net Cash Flow to Movement in Net Debt

	2015 £'000	2014 £'000
(Decrease)/increase in cash in the year	(2,560)	2,853
Cash inflow from movement in debt and lease financing	4,363	2,265
Change in net debt resulting from cash flows	1,803	5,118
Other non-cash items	(217)	(5,837)
Movement in net debt in the year	1,586	(719)
Net debt at 28 April 2014	(45,023)	(44,304)
Net debt at 26 April 2015	(43,437)	(45,023)

The notes on pages 15 to 46 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are made up to the nearest Sunday to 30 April each year. The current financial year is the 52 weeks ended 26 April 2015 (the 'year'). The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The principal accounting policies of the group are unchanged from the prior year and are set out below.

1.2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings after eliminating intra-group transactions and balances. The results of subsidiary undertakings acquired are included in the consolidated results from the date of acquisition, under the acquisition method of accounting. Under this method, the identifiable assets and liabilities of the entity acquired are included in the group balance sheet at their fair value at the date of acquisition, and its results included in the group profit and loss account from the date of acquisition. The difference between the fair value of the consideration given and the fair values of the net assets of the entity acquired is accounted for as goodwill.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment. Dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for A. F. Blakemore and Son Limited as permitted by Section 408 of the Companies Act 2006. The company recorded a profit for the financial year after tax of £3,863,000 (2014: profit of £2,889,000).

1.3 Going concern

The Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Detailed cash flow forecasts have been prepared for the period at least 12 months from the date that these accounts were approved, which show that the group has sufficient cash headroom to support its activities, including a review of compliance with covenants in respect of debt obligations. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

1.4 Turnover

Group turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business which are recognised on the delivery or sale, for the retail outlets and wholesale depots, of goods.

Notes to the Financial Statements

1 Accounting policies (continued)

1.5 Intangible fixed assets and goodwill

Goodwill arising on the acquisition of subsidiary undertakings and retail stores (trade and asset acquisitions), representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life of 20 years. Provision is made for any impairment.

Negative goodwill is written back to the profit and loss account over the periods in which the non-monetary assets are recovered.

Goodwill arising on acquisitions in the year ended 30 April 1999 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of the goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable. The impairment review comprises a comparison of the carrying amount of goodwill with its recoverable amount (the higher of net realisable value and value in use). This is assessed at the income generating level and to the extent that the carrying value exceeds the recoverable amount, the goodwill is impaired and is written down.

Remaining goodwill on the disposal of retail stores is included in determining the profit or loss on disposal.

Trading rights are amortised over the life of the agreement, a period of 25 years. As the estimated useful economic life of the trading rights exceed 20 years, an impairment review is performed on an annual basis.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold property are stated at cost less depreciation. Freehold property is stated at valuation, net of depreciation on freehold buildings and any provision for impairment.

Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- straight line over the term of the lease
Fixtures and fittings	- 15% reducing balance or 10%-33% straight line
Computer equipment	- 14%-20% straight line
Motor vehicles	- 10%-25% straight line

Notes to the Financial Statements

1 Accounting policies (continued)

1.7 Freehold property

Freehold property is stated at valuation, net of depreciation on freehold buildings and any provision for impairment. A full revaluation is carried out at least every five years and an interim valuation every three years. The surplus of freehold property is transferred to the revaluation reserve. Revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount reaches its depreciated historical cost and thereafter, in the profit and loss account. All revaluation losses caused by a clear consumption of economic benefits are recognised in the profit and loss account.

No depreciation charge has been recorded on freehold properties by the directors on the grounds that it would be immaterial because the estimated residual value of the tangible fixed assets is not materially different from the carrying amount of the asset and the estimated remaining useful economic life of the freehold properties exceed 50 years. Instead, freehold properties, other than non-depreciable land, are reviewed for impairment at the end of each reporting period.

Long leasehold properties are initially recorded at cost and depreciated over the term of the lease.

1.8 Stocks

Finished goods and goods for resale

Finished goods and goods for resale are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items, where appropriate.

1.9 Rebates and marketing income

Rebates and marketing income are included in the profit and loss account, in the period in which the related goods and services are provided, or deducted from the cost of stocks, as appropriate.

1.10 Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Notes to the Financial Statements

1 Accounting policies (continued)

1.11 Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date, with the exception that provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

1.12 Leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases. Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Where the group enters into a lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element, which reduces the outstanding obligation.

1.13 Vacant property lease

The group makes provision for the estimated unavoidable costs of currently held vacant properties on a discounted basis. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, i.e. the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Provision is made for residual lease commitments, after taking into account expectations of future sub-lease arrangements. The main uncertainty relates to the group's ability to sublet the properties.

Notes to the Financial Statements

1 Accounting policies (continued)

1.14 Pension costs

The group operates the A. F. Blakemore and Son Limited Staff Retirement Benefits Scheme and the Capper & Co. Pension and Assurance Scheme. The assets of both pension schemes are held independently of the group. The A. F. Blakemore and Son Limited Staff Retirement Benefits Scheme became paid up in respect of the defined benefits section on 6 July 2006. Members will not accrue any salary related benefits after this date but benefits earned up to that date will be preserved. A new defined contribution section of the scheme commenced on 7 July 2006.

The assets of the Capper & Co. scheme are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to new entrants on 1 January 2001. A defined contribution section of the scheme was opened for new entrants from 1 May 2001. The defined benefit section moved from a Final Salary arrangement to a CARE ('Career Average Revalued Earnings') arrangement with effect from 1 May 2003. The scheme was closed to future accrual on 30 April 2011.

Defined benefits section

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in interest receivable or payable. Actuarial gains and losses are reported in the group statement of total recognised gains and losses.

Defined contribution section

Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

1.15 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Notes to the Financial Statements

1 Accounting policies (continued)

1.16 Investments

Investments held by the company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 612 of the Companies Act 2006 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

1.17 Prior year restatement

The prior year trade debtors have been reclassified into other debtors and trade creditors due to the reclassification of certain supplier balances and indirect income which was incorrectly classified as trade debtors.

Prior year trade debtors have therefore been reduced by £3,729,000, trade creditors have been reduced by £597,000 and other debtors increased by £3,132,000.

2 Turnover

The turnover and profit before tax are attributable to the principal activity of the group. An analysis of turnover is given below:

	2015 £'000	2014 £'000
United Kingdom	<u>1,275,954</u>	<u>1,191,658</u>

In the opinion of the directors, the disclosure of segmental information required by SSAP 25 'Segmental reporting' would be seriously prejudicial to the interests of the reporting entity. As such, that information is not disclosed.

3 Other operating income and charges

	2015 £'000	2014 £'000
Distribution costs	149,629	148,357
Administrative expenses	17,445	19,658
Total operating charges	<u>167,074</u>	<u>168,015</u>
Other operating income	(568)	(655)
	<u>166,506</u>	<u>167,360</u>

Notes to the Financial Statements

4 Operating profit

The operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Amortisation of intangible fixed assets	1,531	1,583
Impairment of intangible fixed assets	577	1,258
Depreciation of tangible fixed assets:		
- owned by the group	6,274	6,989
- held under finance leases	226	226
Auditor's remuneration:		
- fees payable to the company's auditor for the audit of the financial statements	110	113
Fees payable to the company's auditor and its associated undertakings for other services:		
- audit of the financial statements of the company's subsidiaries	7	7
- other services relating to taxation compliance and advice	23	22
- other advisory services	70	29
Operating lease rentals:		
- plant and machinery	7,339	7,751
- other operating leases	16,429	16,646
Profit on sale of fixed assets and retail operations	(802)	(525)

5 Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £'000	2014 £'000
Wages and salaries	105,346	101,258
Social security costs	7,405	7,220
Other pension costs	1,856	1,928
	<u>114,606</u>	<u>110,406</u>

The average monthly number of employees, including the directors, during the year was as follows:

2015 No.	2014 No.
<u>7,456</u>	<u>7,384</u>

Notes to the Financial Statements

6 Directors' remuneration

	2015 £'000	2014 £'000
Emoluments	1,521	1,676
Pension costs	102	93
	<u>1,623</u>	<u>1,769</u>

Directors' emoluments as shown above were paid to 9 directors during the year (2014: 9). During the year retirement benefits were accruing to 6 directors (2014: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £288,000 (2014: £329,000).

Company pension contributions to defined contribution pension schemes in respect of the highest paid director were £26,000 (2014: £25,000).

7 Interest receivable and similar income

	2015 £'000	2014 £'000
Other interest receivable and similar income	204	219
Net interest on pension scheme liabilities (note 27)	750	189
	<u>954</u>	<u>408</u>

8 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank loans and overdrafts	2,222	2,488
Interest on other loans	-	321
On finance leases and hire purchase contracts	5	5
	<u>2,227</u>	<u>2,814</u>

Notes to the Financial Statements

9 Taxation

	2015 £'000	2014 £'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,141	2,214
Adjustments in respect of prior periods	48	(8)
Total current tax	<u>2,189</u>	<u>2,206</u>
Deferred tax		
Origination and reversal of timing differences (note 18)	(123)	(376)
Effect of tax rate change on opening balance - FRS 17	102	308
Effect of tax rate change on opening balance – other	-	26
Deferred tax charge relating to FRS 17 pension liability (note 27)	495	389
Total deferred tax (see note 18)	<u>474</u>	<u>347</u>
Tax on profit on ordinary activities	<u>2,663</u>	<u>2,553</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.92% (2014: 22.84%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>9,011</u>	<u>7,603</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.92% (2014: 22.84%)	1,885	1,737
Effects of:		
Expenses not deductible for tax purposes	834	701
Depreciation for the year in excess of capital allowances	113	256
Utilisation of tax losses and other deductions	1	5
Adjustments to tax charge in respect of prior periods	48	(8)
Movement in short term timing differences	16	(32)
Income not taxable	(708)	(453)
Current tax charge for the year (see note above)	<u>2,189</u>	<u>2,206</u>

No provision has been made for deferred tax on gains recognised on revaluing freehold property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £918,000 (2014: £887,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Notes to the Financial Statements

10 Intangible fixed assets

Group	Goodwill £'000	Trading rights £'000	Total £'000
Cost			
At start of the year	30,676	424	31,100
Additions	335	-	335
Disposals	(3,213)	-	(3,213)
At end of the year	<u>27,798</u>	<u>424</u>	<u>28,222</u>
Amortisation			
At start of the year	12,940	99	13,039
Charge for the year	1,500	31	1,531
Impairment	577	-	577
Disposals	(3,719)	-	(3,719)
At end of the year	<u>11,298</u>	<u>130</u>	<u>11,428</u>
Net book value			
At start of the year	<u>16,500</u>	<u>294</u>	<u>16,794</u>
At end of the year	<u>17,736</u>	<u>325</u>	<u>18,061</u>

During the year the group acquired various retail stores. Goodwill arising on the acquisition of these operations of £335,000 (2014: £1,091,000) represents the excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired.

The impairment of goodwill in the year of £577,000 (2014: £1,258,000) is in respect of retail stores and acquired operations where the goodwill recorded is not considered to be fully recoverable through value in use.

The disposal of goodwill on consolidation relates to the disposal of retail stores in the current year which were acquired upon the acquisition of group companies in previous periods.

Notes to the Financial Statements

10 Intangible fixed assets (continued)

Company	Goodwill £'000	Trading rights £'000	Total £'000
Cost			
At start of the year	28,442	787	29,229
Additions	335	-	335
Disposals	(2,630)	-	(2,630)
At end of the year	26,147	787	26,934
Amortisation			
At end of the year	15,481	462	15,943
Charge for the year	1,335	31	1,366
Impairment	235	-	235
On disposals	(3,135)	-	(3,135)
At end of the year	13,916	493	14,409
Net book value			
At end of the year	12,231	294	12,525
At start of the year	12,961	325	13,286

During the year the company acquired various retail stores. Goodwill arising on the acquisition of these operations of £335,000 (2014: £1,091,000) represents the excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired.

During the year the company also capitalised goodwill of £nil (2014: £nil) in respect of headleases on retail operations acquired.

The impairment of goodwill in the year of £235,000 (2014: £1,258,000) is in respect of retail stores where the goodwill recorded is not considered to be fully recoverable through value in use.

The disposal of goodwill relates to the disposal of retail stores in the current year which were acquired upon the acquisition of group companies in previous periods.

Notes to the Financial Statements

11 Tangible fixed assets

Group	Freehold land, property and long leaseholds £'000	Short leasehold property £'000	Fixtures, fittings and computers £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At start of the year	62,539	40,146	56,126	4,600	163,411
Additions	1,618	3,743	1,606	172	7,139
Disposals	(2,745)	(3,826)	(3,927)	(8)	(10,506)
At end of the year	61,412	40,063	53,805	4,764	160,044
Depreciation					
At start of the year	114	20,180	42,183	3,608	66,085
Charge for the year	31	2,443	3,558	468	6,500
On disposals	-	(2,595)	(3,558)	(73)	(6,226)
At end of the year	145	20,028	42,183	4,003	66,359
Net book value					
At end of the year	61,267	20,035	11,622	761	93,685
At start of the year	62,425	19,966	13,943	992	97,326

Included within the net book value of £93,685,000 is £482,000 (2014: £708,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £226,000 (2014: £226,000). Freehold land amounting to £30,545,000 (2014: £31,602,000) included above has not been depreciated.

Included within the net book value of £93,685,000 is £1,063,000 (2014: £1,094,000) relating to long leasehold properties. The depreciation charged to the financial statements in the year in respect of such assets amounted to £31,000 (2014: £30,000).

During the year, no depreciation charge has been recorded on freehold properties by the directors on the grounds that it would be immaterial to the financial statements because the estimated residual value of the tangible fixed assets is not materially different from the carrying amount of the asset and the estimated remaining useful economic life of the freehold properties exceeds 50 years. Instead, freehold properties, other than non-depreciable land, are reviewed for impairment at the end of each reporting period. Freehold property amounting to £30,796,000 (2014: £30,839,000) has not been depreciated in the year and has been reviewed for impairment at the year-end, resulting in no charge for the year (2014: £nil).

In January 2011, Sanderson Weatherall and Jones Lang Lasalle carried out full valuations on all freehold properties acquired or transferred to Blakemore Property Ltd from other group companies since 31 March 2008. For all other properties, a qualified internal valuer performed a full valuation in 2013. This valuation was reviewed by Savills plc at the same date, which comprised the valuation of a sample of the group's properties by the external valuer and comparison with the internal valuer's figures leading to expression of opinion on the overall accuracy of the valuation, based upon analysis of this sample.

The basis of the valuation was market value with existing use. The surplus or deficit was transferred to/from the revaluation reserve.

Notes to the Financial Statements

11 Tangible fixed assets (continued)

There are no properties requiring a full valuation in the current year, but the directors are not aware of any material change in the value of those properties.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

Group	2015 £'000	2014 £'000
Cost	58,159	59,286
Accumulated depreciation	(1,481)	(1,455)
Net book value at the end of the year	<u>56,678</u>	<u>57,831</u>

Company	Freehold property £'000	Leasehold property £'000	Fixtures, fittings and computers £'000	Motor Vehicles £'000	Total £'000
Cost					
At start of the year	14	49,076	87,524	8,398	145,012
Additions	-	3,743	1,606	172	5,521
Disposals	-	(3,826)	(3,927)	(8)	(7,761)
At end of the year	<u>14</u>	<u>48,993</u>	<u>85,203</u>	<u>8,562</u>	<u>142,772</u>
Depreciation					
At start of the year	1	30,132	73,877	7,421	111,431
Charge for the year	-	2,443	3,558	468	6,469
On disposals	-	(2,595)	(3,558)	(5)	(6,158)
At end of the year	<u>1</u>	<u>29,980</u>	<u>73,877</u>	<u>7,884</u>	<u>111,742</u>
Net book value					
At end of the year	<u>13</u>	<u>19,013</u>	<u>11,326</u>	<u>678</u>	<u>31,030</u>
At start of the year	13	18,944	13,647	977	33,581

Included within the net book value of £31,030,000 is £482,000 (2014: £708,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £226,000 (2014: £226,000). Freehold land amounting to £nil (2014: £nil) included above has not been depreciated.

The company does not hold any assets which are subject to revaluation.

Notes to the Financial Statements

12 Fixed asset investments

Company	Investments in subsidiary companies £'000
Cost	
At start and end of the year	59,913
Net book value	
At end of the year	59,913
At start of the year	59,913

Details of the subsidiaries can be found under note 13.

13 Subsidiary undertakings

The subsidiary undertakings in which the company owns 100% of the issued ordinary share capital as detailed below, are registered in England and Wales and included in the consolidated financial statements, are as follows:

Company name	Description
Blakemore Property Ltd	Property company
Blakemore Design & Shopfitting Ltd	Dormant
Blakemore Retail Ltd	Dormant
Peter Lowrie and Company Limited	Dormant
Lords (Haymarket) Limited*	Dormant
Capper & Co. Ltd	Dormant
Waynes Foods Limited**	Dormant
Wightman Limited**	Dormant
Tyne Tees Cash & Carry Limited	Dormant
John Edwards (Wholesale Grocers) Limited	Dormant
Blakemore Logistics Limited	Dormant
Blakemore Freshfoods Limited	Dormant
I G Mogford Sons Limited	Dormant
Blakemore Wholesale Ltd	Dormant
Blakemore Food Service Limited	Dormant

Notes to the Financial Statements

13 Subsidiary undertakings (continued)

Blakemore Trade Partners Ltd	Dormant
Tates Limited	Dormant
John Edwards (Daliadau) Limited	Dormant
North Wales Cash & Carry Co. Limited	Dormant
Blakemore Fine Foods Limited	Dormant
Hill's Home Supplies Limited*	Dormant
Spar St Olaves Limited*	Dormant
Powell Garages Limited**	Dormant
Waynes Stores Ltd**	Dormant
Golden Choice Foods Ltd**	Dormant
Capper & Co (South Wales) Ltd**	Dormant
Blakemore Creative Ltd **	Dormant
Howell's of Monkton Limited**	Dormant
C. J. Wixcey and Sons Limited**	Dormant

* Entire ordinary share capital held by Blakemore Retail Ltd

** Entire ordinary share capital held by Capper & Co. Ltd

14 Stocks

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	<u>93,975</u>	<u>100,253</u>	<u>93,975</u>	<u>100,253</u>

There is no material difference between the balance sheet value of finished goods and goods for resale and their replacement cost.

15 Debtors

	Group		Company	
	2015	2014	2015	2014
	£'000	(restated) £'000	£'000	(restated) £'000
Due within one year				
Trade debtors	48,048	41,239	48,048	41,214
Amounts owed by group undertakings	-	-	685	633
Other debtors	9,742	6,452	9,742	6,452
Prepayments and accrued income	35,521	35,711	35,521	35,710
Deferred tax asset (see note 18)	680	557	680	557
	<u>93,991</u>	<u>83,959</u>	<u>94,676</u>	<u>84,566</u>

Notes to the Financial Statements

15 Debtors (continued)

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Due after more than one year				
Trade debtors	703	711	703	711
Amounts owed by group undertakings	-	-	9,458	13,941
	<u>703</u>	<u>711</u>	<u>10,161</u>	<u>14,652</u>

Trade debtors falling due after more than one year relate to the outstanding balances on extended trade and refurbishment terms offered to retailers.

16 Creditors: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£'000	(restated) £'000	£'000	(restated) £'000
Bank loans (secured) (note 17)	2,825	2,284	1,174	946
Other loans	2,500	3,000	2,500	3,000
Net obligations under finance leases and hire purchase contracts	224	377	224	377
Bank overdraft	7,051	5,200	7,051	5,200
Trade creditors	137,566	143,734	137,566	143,734
Amounts owed to group undertakings	-	-	10,619	10,667
Corporation tax	1,103	774	764	440
Social security and other taxes	5,178	2,267	5,179	2,267
Accruals and deferred income	19,834	20,846	19,684	20,831
	<u>176,281</u>	<u>178,482</u>	<u>184,761</u>	<u>187,462</u>

The bank overdraft facility is secured by an unlimited debenture over the assets of the group. Interest is charged at a rate linked to UK base rates.

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loans (secured)	37,201	38,525	14,868	16,042
Other loans	369	2,869	369	2,869
Net obligations under finance leases and hire purchase contracts	106	316	106	316
Amounts owed to group undertakings	-	-	76,253	76,227
	<u>37,676</u>	<u>41,710</u>	<u>91,596</u>	<u>95,454</u>

Notes to the Financial Statements

17 Creditors: Amounts falling due after more than one year (continued)**Analysis of borrowings**

The borrowings outstanding are repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Within one year:				
Bank loan (secured)	2,825	2,284	1,174	946
Other loans	2,500	3,000	2,500	3,000
	<u>5,325</u>	<u>5,284</u>	<u>3,674</u>	<u>3,946</u>
Between one and two years:				
Bank loan (secured)	3,865	2,824	1,609	1,174
Other loans	369	2,869	369	2,869
	<u>4,234</u>	<u>5,693</u>	<u>1,978</u>	<u>4,043</u>
Between two and five years:				
Bank loan (secured)	33,336	35,701	13,259	14,868
	<u>33,336</u>	<u>35,701</u>	<u>13,259</u>	<u>14,868</u>

The group has facilities which totalled £40,026,000 at the year-end (2014: £40,809,000) which are repayable by quarterly instalments which commenced in June 2014. The facility bears interest at a rate of 2.00% per annum above LIBOR and is secured on mortgaged properties and an unlimited debenture over other assets of the group. A further £1,500,000 was drawn down on the secured bank loan facility in the year to 26 April 2015.

Other loans totalling £2,869,000 (2014: £5,869,000) represent unsecured loan notes of £2,500,000 (2014: £5,500,000) to the original shareholders of B.A. Cash and Carry (Cardiff) Limited and a loan from a director, G M Blakemore, of £369,000 (2014: £369,000). G M Blakemore has indicated that no repayment of the loan will be sought prior to 30 April 2016. The loan notes to the original shareholders of B.A. Cash and Carry (Cardiff) Ltd bear no interest and are due for repayment in March 2016.

Notes to the Financial Statements

17 Creditors: Amounts falling due after more than one year (continued)**Commitments under finance leases and hire purchase agreements**

Future commitments under finance leases and hire purchase agreements are as follows:

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts payable within 1 year	224	377	224	377
Amounts payable between 1 and 2 years	106	215	106	215
Amounts payable between 2 and 5 years	-	101	-	101
	<u>330</u>	<u>693</u>	<u>330</u>	<u>693</u>

The finance lease and hire purchase agreements are secured on the assets to which they relate.

18 Deferred taxation

Provision for deferred tax asset	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Accelerated depreciation	596	490	596	490
Other timing differences	84	67	84	67
	<u>680</u>	<u>557</u>	<u>680</u>	<u>557</u>
Deferred tax asset included in debtors (note 15)				
	<u>680</u>	<u>557</u>	<u>680</u>	<u>557</u>

The movement in the year is as follows:

Deferred tax provision (note 19)	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At start of the year	-	360	-	-
Released during the year	-	(360)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

18 Deferred taxation (continued)

Deferred tax asset	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At start of the year	557	570	557	565
Transferred from group undertakings	-	-	-	(360)
(Charged)/credited during the year	123	(13)	123	352
At end of the year	<u>680</u>	<u>557</u>	<u>680</u>	<u>557</u>

Deferred tax asset included within pension scheme liability (note 27)

	2015 £'000	2014 £'000
At start of the year	2,153	3,544
Provided during the year for profit and loss account items	(597)	(697)
Provided/(released) during the year for statement of total recognised gains and losses items	1,320	(694)
At end of the year	<u>2,876</u>	<u>2,153</u>

19 Provisions

The following are included in provisions for liabilities:

Onerous lease rentals

	Group £'000	Company £'000
At start of the year	1,008	1,008
Provided in the year	167	167
Released to profit and loss	(277)	(277)
At end of the year	<u>898</u>	<u>898</u>

The above provision relates to leases on vacant properties and is expected to be fully utilised over the next 20 years. Provision has been made for the residual lease commitments, after taking into account expectations of future sub-lease arrangements. The main uncertainty relates to the group's ability to sublet the properties.

Notes to the Financial Statements

20 Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
4,902 Ordinary shares of £1 each	5	5

21 Reserves

	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Group			
At start of the year	1	4,594	73,956
Profit for the year	-	-	6,348
Realisation on disposal of fixed assets	-	(5)	5
Pension scheme actuarial loss for the year (net of deferred tax)	-	-	(5,272)
At end of the year	1	4,589	75,037

	Capital redemption reserve £'000	Profit and loss account £'000
Company		
At start of the year	1	21,767
Profit for the year	-	3,863
Pension scheme actuarial loss for the year (net of deferred tax)	-	(5,272)
At end of the year	1	20,358

22 Reconciliation of movement in equity shareholders' funds

	2015 £'000	2014 £'000
Group		
Opening equity shareholders' funds	78,556	70,849
Profit for the year	6,348	5,050
Unrealised gain on revaluation of certain fixed assets	-	51
Pension scheme actuarial (loss)/gain for the year (net of deferred tax)	(5,272)	2,606
Closing equity shareholders' funds	79,632	78,556

Notes to the Financial Statements

22 Reconciliation of movement in equity shareholders' funds (continued)

	2015 £'000	2014 £'000
Company		
Opening equity shareholders' funds	21,773	28,142
Recognition of defined benefit pension deficit on transfer of trade and assets of group undertakings	-	(11,864)
Profit for the year	3,864	2,889
Pension scheme actuarial (loss)/gain for the year (net of deferred tax)	(5,272)	2,606
Closing equity shareholders' funds	20,364	21,773

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £3,863,000 (2014: profit £2,889,000).

23 Net cash flow from operating activities

	2015 £'000	2014 £'000
Operating profit	10,284	10,009
Amortisation of intangible fixed assets	1,531	1,583
Depreciation of tangible fixed assets	6,500	7,215
Impairment of fixed assets	577	1,258
Profit on disposal of fixed assets and retail operations	(802)	(525)
Decrease/(increase) in stocks	6,278	(6,084)
Increase in debtors	(9,901)	(936)
(Decrease)/increase in creditors	(5,077)	10,863
Decrease in provisions	(110)	(636)
Pension contributions	(1,734)	(1,664)
Net cash inflow from operating activities	7,546	21,083

24 Analysis of cash flows for headings netted in cash flow statement

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest received	204	218
Interest paid	(2,162)	(2,858)
Net cash outflow from returns on investments and servicing of finance	(1,958)	(2,640)

Notes to the Financial Statements

24 Analysis of cash flows for headings netted in cash flow statement (continued)

	2015 £'000	2014 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(7,039)	(5,126)
Purchase of intangible fixed assets	(85)	(149)
Proceeds on sale of tangible fixed assets	3,056	482
Proceeds on sale of intangible fixed assets	-	30
Net cash outflow from capital expenditure	(4,068)	(4,763)
	2015 £'000	2014 £'000
Acquisitions and disposals		
Purchase of retail operations	(350)	(1,341)
Sale of retail operations	2,480	2,187
Purchase of subsidiary undertaking	-	(2,097)
Cash acquired with subsidiary	-	580
Trade and assets purchase	-	(5,880)
Net cash inflow/(outflow) from acquisitions and disposals	2,130	(6,551)
	2015 £'000	2014 £'000
Financing		
Repayment of loans	(2,500)	(2,709)
Repayment of other loans	(3,000)	(6,016)
Repayment of finance leases	(363)	(340)
New secured loan	1,500	6,800
Net cash outflow from financing	(4,363)	(2,265)

25 Analysis of changes in net debt

	2014 £'000	Cash flow £'000	Non-cash changes £'000	2015 £'000
Cash at bank and in hand	7,548	(709)	-	6,839
Bank overdraft	(5,200)	(1,851)	-	(7,051)
	2,348	(2,560)	-	(212)
Debt:				
Debts due within one year	(5,661)	5,863	(5,751)	(5,549)
Debts falling due after more than one year	(41,710)	(1,500)	5,534	(37,676)
Net debt	(45,023)	1,803	(217)	(43,437)

Notes to the Financial Statements

26 Capital commitments

At the end of the year the group had capital commitments contracted for but not provided of £425,000 (2014: £1,086,000).

27 Pension commitments

The group operates the A. F. Blakemore & Son Limited Staff Retirement Benefits Scheme ("the Group Scheme"). On 6 July 2006 the scheme became paid up in respect of the defined benefits section. Members will not accrue any salary related benefits after this date but benefits earned up to that date will be preserved. A new defined contribution section of the scheme commenced on 7 July 2006. The defined contribution section of the scheme is contributory (employer 5%).

The assets of the Capper & Co. Ltd scheme are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to new entrants on 1 January 2001. A defined contribution section of the scheme was opened for new entrants from 1 May 2001. The defined benefit section moved from a Final Salary arrangement to a CARE arrangement with effect from 1 May 2003. Disclosures for this scheme are shown in note 27(b). The scheme was closed to future accrual on 30 April 2011.

The defined contribution section of the scheme is contributory (employer 5%). During the year, the group made contributions to the Group Scheme, being the regular cost, of £1,856,000 (2014: £1,928,000). There were no outstanding contributions at either year end.

The company's share of net assets and liabilities of the Schemes can now be separately identified as detailed within the accounting policies, and therefore the company accounts for its pension contributions to the Schemes on a defined benefit basis and aligned with the Group Scheme. The disclosures in note 27(a) are made on a group basis.

The group's and company's total provision for pension liabilities in each scheme is summarised as follows:

	2015 £'000	2014 £'000
The Group scheme (note 27(a))		
Fair value of scheme assets	33,784	29,278
Present value of defined benefit obligation	(43,860)	(36,484)
	<u>(10,076)</u>	<u>(7,206)</u>
Related deferred tax asset at 20% (2014: 21%)	2,016	1,513
Net pension liability of the Group scheme	<u>(8,060)</u>	<u>(5,693)</u>
 Capper & Co. Ltd Pension and Assurance Scheme (note 27(b))		
Fair value of scheme assets	36,180	32,461
Present value of defined benefit obligation	(40,480)	(35,510)
	<u>(4,300)</u>	<u>(3,049)</u>
Related deferred tax asset at 20% (2014: 21 %)	860	640
Net pension liability of the Capper & Co. Ltd Scheme	<u>(3,440)</u>	<u>(2,409)</u>

Notes to the Financial Statements

27 Pension commitments (continued)

	2015 £'000	2014 £'000
Total commitments		
Fair value of scheme assets	69,964	61,739
Present value of defined benefit obligation	(84,340)	(71,994)
	<u>(14,376)</u>	<u>(10,255)</u>
Related deferred tax asset at 20% (2014: 21%)	2,876	2,153
Net pension liability of the group	<u>(11,500)</u>	<u>(8,102)</u>

The company's and group's actuarial losses/(gains) for pension liabilities in each scheme is summarised as follows:

	2015 £'000	2014 £'000
The Group scheme (note 27(a))		
Actuarial gain on scheme assets	2,520	205
Actuarial (loss)/gain on defined benefit obligation	(6,810)	2,945
Actuarial (loss)/gain on the Group scheme	<u>(4,290)</u>	<u>3,150</u>

Capper & Co. Ltd Pension and Assurance Scheme (note 27(b))

Actuarial gain/(loss) on scheme assets	2,630	(191)
Actuarial (loss)/gain on defined benefit obligation	(4,930)	341
Actuarial (loss)/gain on the Capper & Co. Ltd Scheme	<u>(2,300)</u>	<u>150</u>

Total actuarial losses

Actuarial gain on scheme assets	5,150	14
Actuarial (loss)/gain on defined benefit obligation	(11,740)	3,286
Actuarial (loss)/gain on pension liabilities	<u>(6,590)</u>	<u>3,300</u>

Notes to the Financial Statements

27(a) Pension commitments - the Group scheme

The Group Scheme deficit is recognised on the balance sheet at fair value in accordance with the requirements of FRS 17. The assets of the scheme are held in a separate trustee administered fund.

The defined benefit section of the scheme is subject to a triennial valuation by independent actuaries. The last completed valuation was carried out as at 5 April 2013.

A full actuarial valuation was carried out for the defined benefit section of the scheme at 6 April 2010 and updated at the end of the year by Hughes Price Walker LLP using the projected unit method. The major assumptions used by the actuary were:

	2015 %	2014 %
Main assumptions:		
Discount rate	3.5	4.5
Expected long term rate of return on scheme assets	5.5	6.4
RPI inflation	3.3	3.5
Revaluation of excess pension	2.3	2.5
LPI pension increases (maximum 5% p.a.)	2.3	2.5
LPI pension increases (minimum 3% p.a. maximum 5% p.a.)	3.0	3.0
Lower RPI pension increases (RPI with maximum 2.5% p.a.)	2.2	2.3

The mortality assumptions adopted are 100% of the standard tables S2PA projected using CMI_2014 converging to 1% p.a (2014: PCA00 on a year of birth usage with medium cohort future improvement factors with a minimum annual rate of future improvement of 1% per annum).

The expected long term rate of return on the scheme assets has been calculated based upon the expected rate of return of the major asset categories, estimated by market expectations at the beginning of the period for returns over the entire life of the benefit obligation and are shown in the table below:

	2015		2014	
	Scheme assets %	Expected rate of return %	Scheme Assets %	Expected rate of return %
Equities	74.6	6.0	68.7	7.0
Bonds	13.0	2.7	17.0	3.9
Property	12.4	6.0	12.3	7.0
Cash	0.0	2.0	2.0	2.9

Notes to the Financial Statements

27(a) Pension commitments - the Group scheme (continued)

The amounts charged in profit or loss are as follows:

	2015 £'000	2014 £'000
Interest on obligation	1,600	1,720
Expected return on scheme assets	(1,860)	(1,670)
Total (credited)/charged to interest (receivable)/payable	<u>(260)</u>	<u>50</u>

Analysis of the amount charged to operating profit:

	2015 £'000	2014 £'000
Current service costs	-	-
Total operating charge	<u>-</u>	<u>-</u>

Analysis of the amount recognised in statement of total recognised gains and losses:

	2015 £'000	2014 £'000
Difference between expected and actual return on assets	2,520	205
Experience gains and losses arising from scheme liabilities	300	540
Effect of changes in assumptions underlying the present value of scheme liabilities	<u>(7,110)</u>	<u>2,405</u>
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	<u>(4,290)</u>	<u>3,150</u>

The cumulative actuarial gains and loss recognised in the statement of total recognised gains and loss are as follows:

	2015 £'000	2014 £'000
Cumulative actuarial losses at start of the year	(14,856)	(18,006)
Recognised during the period	<u>(4,290)</u>	<u>3,150</u>
Cumulative actuarial losses at end of the year	<u>(19,146)</u>	<u>(14,856)</u>

Notes to the Financial Statements

27(a) Pension commitments - the Group scheme (continued)

The amounts recognised in the consolidated balance sheet in respect of the scheme are as follows:

	2015 £'000	2014 £'000
Fair value of scheme assets	33,784	29,278
Present value of defined benefit obligation	(43,860)	(36,484)
	(10,076)	(7,206)
Related deferred tax asset at 20% (2014: 21%)	2,016	1,513
Net pension liability	(8,060)	(5,693)

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

	2015 £'000	2014 £'000
Opening fair value of scheme assets	29,278	27,109
Expected return	1,860	1,670
Actuarial gains	2,520	205
Benefits paid	(1,038)	(870)
Contributions paid	1,164	1,164
Closing fair value of scheme assets	33,784	29,278

The agreed contributions to be paid by the group for the forthcoming year in respect of the Group scheme are £1,164,000.

The actual return on scheme assets was as follows:

	2015 £'000	2014 £'000
Actual return on scheme assets	4,380	1,875

Changes in the present value of the defined benefit obligation are as follows:

	2015 £'000	2014 £'000
Opening defined benefit obligation	36,484	38,579
Interest costs	1,600	1,720
Actuarial losses/(gains)	6,810	(2,945)
Benefits paid	(1,044)	(870)
Closing defined benefit obligation	43,860	36,484

Notes to the Financial Statements

27(a) Pension commitments - the Group scheme (continued)

Amount for the current and previous four periods are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	33,784	29,278	27,109	23,438	23,070
Present value of defined benefit obligation	(43,860)	(36,484)	(38,579)	(33,862)	(30,991)
Deficit in the scheme	(10,076)	(7,206)	(11,470)	(10,424)	(7,921)
Actual return less expected return on scheme assets	2,520	205	1,810	(1,345)	807
Experience gain/(loss) arising on scheme liabilities	300	540	(40)	(1,640)	462
Change in assumptions underlying present value of scheme liabilities	(7,110)	2,405	(3,980)	(813)	(815)

27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme

The Capper & Co. Pension and Assurance Scheme deficit is recognised on the balance sheet at fair value in accordance with the requirements of FRS 17. The assets of the scheme are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to new entrants on 1 January 2001. A defined contribution section of the scheme was opened for new entrants from 1 May 2001. The defined benefit section moved from a Final Salary arrangement to a CARE arrangement with effect from 1 May 2003. The defined benefit section closed to future accrual on the 30 April 2011.

The defined benefit section of the scheme is subject to a triennial valuation by independent actuaries. The last completed valuation was carried out as at 30 April 2013.

The actuarial valuation was updated at the year end to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at that date. The major assumptions used to calculate scheme liabilities under FRS 17 are:

	2015	2014
Discount rate	3.5%	4.5%
Expected long term rate of return on scheme assets	5.4%	6.4%
Inflation rate	3.2%	3.4%
Rate of increase for pensions in payment (LPI)	2.2%	2.4%
Rate of increase for pensions in deferment	2.2%	2.4%

The mortality assumptions adopted are 100% of the standard tables S2PA projected using CMI_2014 converging to 1% p.a (2014: the mortality assumptions for both before and after retirement were in line with S1PXA tables with improvements based on CMI_2010 [1%]).

The expected returns on scheme assets are estimates of market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

Notes to the Financial Statements

27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme (continued)

The expected rates of return on the assets of the scheme were:

	2015	2014
Equities	5.9%	6.9%
Bonds	2.7%	3.9%
Cash	1.9%	2.9%

The amounts recognised in the profit and loss account are as follows:

	2015 £'000	2014 £'000
Expected return on pension scheme assets	(2,040)	(1,709)
Interest on pension scheme liabilities	1,550	1,470
Total (credited)/charged to interest receivable	<u>(490)</u>	<u>(239)</u>

The amounts recognised in the consolidated balance sheet in respect of the scheme are as follows:

	2015 £'000	2014 £'000
Market value of scheme assets	36,180	32,461
Present value of scheme liabilities	(40,480)	(35,510)
	<u>(4,300)</u>	<u>(3,049)</u>
Related deferred tax asset at 20% (2014: 21%)	860	640
Net pension liability	<u>(3,440)</u>	<u>(2,409)</u>

Changes in the present value of the defined benefit obligation are as follows:

	2015 £'000	2014 £'000
Opening defined benefit obligation	35,510	35,482
Interest on pension scheme liabilities	1,550	1,469
Benefits paid	(1,510)	(1,100)
Actuarial losses/(gains) on liabilities	4,930	(341)
Closing defined benefit obligation	<u>40,480</u>	<u>35,510</u>

Notes to the Financial Statements

27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme (continued)

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

	2015 £'000	2014 £'000
Opening fair value of scheme assets	32,461	31,543
Expected return on scheme assets	2,040	1,709
Contributions by employer	559	500
Benefits paid	(1,510)	(1,100)
Actuarial gains/(losses) on assets	2,630	(191)
Closing fair value of scheme assets	<u>36,180</u>	<u>32,461</u>

The major categories of investments of plan assets, as a % of total plan assets:

	2015	2014
Equities	84.5%	83.9%
Bonds	15.5%	16.1%
Cash	0.0%	0.0%

The agreed contributions to be paid by the group for the forthcoming year in respect of the Capper scheme are £557,000.

Actual return on scheme assets were:

	2015 £'000	2014 £'000
Expected return on scheme assets	2,040	1,709
Actuarial gains/(losses) on assets	2,630	(191)
Actual return on scheme assets	<u>4,670</u>	<u>1,518</u>

Analysis of amounts recognised in statement of total recognised gains and losses:

	2015 £'000	2014 £'000
Cumulative actuarial losses at start of the year	(6,063)	(6,213)
Recognised during the period	(2,300)	150
Cumulative losses at the end of the year	<u>(8,363)</u>	<u>(6,063)</u>

Notes to the Financial Statements

27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme (continued)

Historical analysis of asset values, scheme liabilities, overall deficit and experience gains and losses:

	2015 £'000	2014 £'000	2013 £'000
Fair value of scheme assets	36,180	32,461	31,543
Present value of defined benefit obligation	(40,480)	(35,510)	(35,482)
Deficit in scheme	(4,300)	(3,049)	(3,939)
Experience gains/(losses) on scheme liabilities	310	160	30
Experience gains/(losses) on scheme assets	2,630	(191)	3,203

28 Guarantees and other financial commitments**Lease commitments**

The group leases buildings on short-term and long term operating leases. The rentals under these leases are subject to renegotiation at various intervals specified in the lease agreements. The group also leases other assets on short-term operating leases.

The minimum annual rentals under the leases are:

Group	Land and buildings		Other	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Operating leases which expire:				
- within one year	2,203	1,613	1,213	2,811
- between two and five years	3,443	3,442	9,543	8,368
- after five years	8,904	9,949	-	-
	<u>14,550</u>	<u>15,004</u>	<u>10,756</u>	<u>11,179</u>
Company	Land and buildings		Other	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Operating leases which expire:				
- within one year	2,588	1,859	1,213	2,811
- between two and five years	3,465	3,542	9,543	8,368
- after five years	12,223	13,346	-	-
	<u>18,276</u>	<u>18,747</u>	<u>10,756</u>	<u>11,179</u>

29 Derivatives

The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of financial instruments, such as interest rate caps. The group has no such instruments at the year end.

Notes to the Financial Statements

30 Related party transactions

The directors have taken advantage of the FRS 8 ("Financial Reporting Standard 8 – Related Party Disclosures") not to disclose transactions with group members as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

Loans from directors are detailed in note 17 of these financial statements.

31 Ultimate controlling party

The largest shareholding in A. F. Blakemore and Son Limited is held by P F Blakemore, who is the ultimate controlling party.

32 Post balance sheet events

On 30 April 2015 the group acquired 50% of the share capital of Eat17 Limited, a company consisting of two convenience and restaurant sites based in East London, for consideration of £1,500,000.