

REGISTERED COMPANY NUMBER 620096

S. L. SHAW LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE
52 WEEKS ENDED 26 APRIL 2006**



S. L. SHAW LIMITED
FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 APRIL 2006

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the shareholders of S. L. SHAW LIMITED	5
Income statement	7
Statement of recognised income and expense	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11

S. L. SHAW LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE 52 WEEKS ENDED 26 APRIL 2006

Directors in office

Sainsburys Corporate Director Limited (appointed – 14 March 2008)

Mr D Evison (appointed – 13 August 2007)

Company secretary

Miss H D Jarvis

Registered office

33 Holborn
London
EC1N 2HT

Independent auditors

HLB Vantis Audit plc
55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

S. L. SHAW LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 26 APRIL 2006

The Directors present their report and the audited financial statements of S. L. Shaw Limited "the company" for the 52 weeks ended 26 April 2006. These are the first set of financial statements prepared under International Financial Reporting Standards ("IFRS"). Details of the impact of adopting IFRS are given in the notes to the financial statements, with note 22 providing a reconciliation of opening equity.

The comparative period is for the 47 weeks ended 28 April 2005.

RESULTS AND DIVIDENDS

The Directors do not recommend the payment of a dividend (2005 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company was the operation of a chain of retail food supermarkets

Pursuant of an agreement dated 28 April 2005 the entire issued share capital of the Company was acquired by J Sainsbury plc Completion shall be deemed to have occurred at 9 30 a m on 29 April 2005

Simultaneously, pursuant to a sale and leaseback agreement dated 28 April 2005 the Company sold its freehold properties to Fare Properties Limited, a company controlled by the Shaw family, for a consideration of £3,545,000 Under the terms of this agreement, Fare Properties Limited granted Sainsbury's Supermarkets Ltd leases to occupy the shop premises at Camberley, Chessington and Woking for periods of 15 years at a total annual rental of £144,000 per annum, subject to periodic rent reviews, payable quarterly in advance.

Also simultaneously, pursuant to a licence dated 28 April 2005, Fare Properties Limited granted the Company a licence to occupy that part of the first floor premises comprising 7a Heatheridge Arcade, Camberley at a fee of £550 per calendar month, payable monthly in advance. This licence is terminable on at least one calendar month's prior written notice by either party.

On 29 April 2005 the Company repaid the bank loan that was secured on the freehold properties above.

EVENTS AFTER THE BALANCE SHEET DATE

The trading activities carried on by the Company were transferred to Sainsbury's Supermarkets Ltd in July 2006 following the conversion of the stores to align them with the 'Sainsbury's Local' brand

DIRECTORS AND THEIR INTERESTS

The Directors of the Company are as follows:

Sainsburys Corporate Director Limited (appointed 14 March 2008)
D Evison (appointed 13 August 2007)

Changes in Directorships have been as follows

J McCarthy	(resigned 1 June 2006)
J Lawson	(resigned 8 December 2006)
N Hateley	(resigned 26 October 2006)
L Christensen	(appointed 8 December 2006 and resigned 14 March 2008)

At 26 April 2006, the Directors in office did not have any interests in the issued share capital of the Company.

S. L. SHAW LIMITED
DIRECTORS' REPORT (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

TREASURY MANAGEMENT

Treasury policies are reviewed and approved by the Board. The Board also approve major finance transactions.

The central treasury function of the parent undertaking is responsible for managing the Company's liquid resources, funding requirements and interest rate and currency exposures.

RISK MANAGEMENT

The risk framework in the business aims to follow the processes and policies of the parent undertaking. For example, capital approvals are all passed through the Convenience Investment Committee meetings and risk audits are completed by colleagues from the parent undertaking.

SAFETY, HEALTH AND ENVIRONMENTAL POLICIES

The Company operates its business in a manner which actively seeks to prevent or minimise the possibility of its operations causing harm to people or the environment. We strive to provide the material and resources to educate and involve every individual in the Company in achieving this objective. It is the Board's belief that aspiring to excellence in the management of safety, health and the environment is a vital element of ensuring the long term prosperity of the Company.

Our principal objectives are to

- meet and, where appropriate, exceed the requirements of all relevant legislation,
- seek to reduce the consumption of materials, re-use rather than dispose wherever possible and promote recycling,
- design energy efficiency into new buildings, products and services and manage energy wisely,
- organise the transportation of our products to minimise fuel consumption, consistent with business needs,
- site and maintain our buildings and plant to minimise visual, noise and other impacts on the local environment

EMPLOYMENT POLICIES

The Company fully supports the employment policies of J Sainsbury plc on communication, training, equal opportunity, disability at work and social activities, details of which can be found in the financial statements of the ultimate parent undertaking.

POLICY PAYMENT OF CREDITORS

The policy of the Company is to agree terms of payment prior to commencing trade with a supplier to abide by those terms on a timely submission of satisfactory invoices.

S. L. SHAW LIMITED
DIRECTORS' REPORT (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Directors are also required to

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing these financial statements. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. 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.

Disclosure of information to auditors

Each of the Directors confirms that, so far as he/she is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all the steps that he/she ought have taken as a director in order to make himself/herself aware of any relevant audit information and to establish the auditors are aware of that information.

Auditors

On 1 March 2008 the audit practice of Brewer Clark Associates Limited merged with HLB Vantis Audit plc. HLB Vantis Audit plc have indicated their willingness to continue in office.

Approved by the board on
and signed on its behalf by

14/7/08



Miss H D Jarvis
Secretary

S. L. SHAW LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF S. L.
SHAW LIMITED
FOR THE 52 WEEKS ENDED 26 APRIL 2006

We have audited the financial statements of S L Shaw Limited for the 52 weeks ended 26 April 2006 which comprise the Income Statement, Statement of Recognised Income and Expense, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to them in an auditors' 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 shareholders as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

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

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

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in preparation of the financial statements, and of whether the accounting policies are appropriate for the Company's circumstances consistently applied and adequately disclosed.

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

However, the evidence available to us was limited because:

- (a) we were unable to observe the counting of physical stock having a carrying amount of £518,239;
- (b) we were unable to verify the carrying value of stock of £518,239 to supporting detailed accounting records,

S. L. SHAW LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF S. L.
SHAW LIMITED (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

- (c) we were unable to verify the valuation basis of stock of £518,239 due to lack of supporting documentation, and the related impact on the reported gross profit;
- (d) we were unable to verify the accuracy and completeness of the accruals balance of £264,333 due to lack of supporting documentation and explanations;
- (e) we were unable to verify the accuracy and completeness of the amount owed to related parties of £691,263 due to lack of supporting reconciliation and confirmation from the related party; and
- (f) we were unable to verify the completeness of sales due to the lack of source documentation.

Because of the significance of these items, we have been unable to form a view on the financial statements

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by the financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view, in accordance with IFRS's as adopted by the European Union, of the state of the company's affairs as at 26 April 2006 and of its profit for the 52 week then ended
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' report is consistent with the financial statements

HLB Vantis Audit plc

HLB Vantis Audit plc
Chartered Accountants
Registered Auditor



14 July 2008
55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

S. L. SHAW LIMITED
INCOME STATEMENT
FOR THE 52 WEEKS ENDED 26 APRIL 2006

CONTINUING OPERATIONS	Notes	2006 £	2005 £
Revenue		11,354,098	10,091,689
Cost of sales		(9,706,415)	(8,892,329)
GROSS PROFIT		1,647,683	1,199,360
Distribution costs		(319,708)	(363,593)
Administration expenses		(1,387,508)	(900,859)
Other operating income		-	82,234
OPERATING (LOSS)/PROFIT	4	(59,533)	17,142
Finance costs	6	-	(34,844)
Finance income	6	-	4,674
Profit on sale of property, plant and equipment	7	2,505,637	-
PROFIT/(LOSS) BEFORE TAXATION		2,446,104	(13,028)
Income tax expense	8	16,018	(1,200)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	24	2,462,122	(14,228)

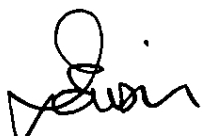
S. L. SHAW LIMITED
STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE 52 WEEKS ENDED 26 APRIL 2006

	Notes	2006 £	2005 £
Profit/(loss) for the financial period	24	2,462,122	(14,228)
Total recognised income and expense for the financial period		<u>2,462,122</u>	<u>(14,228)</u>

S. L. SHAW LIMITED
BALANCE SHEET
FOR THE 52 WEEKS ENDED 26 APRIL 2006

	Notes	2006 £	2005 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	32,456	1,164,359
Available-for-sale financial assets	10	-	1,449
Trade and other receivables	11	2,848,863	-
Deferred tax	15	25,172	-
		2,906,491	1,165,808
CURRENT ASSETS			
Inventories	13	518,239	301,372
Trade and other receivables	11	47,231	65,717
Cash and cash equivalents	14	481,108	101,946
		1,046,578	469,035
TOTAL ASSETS		3,953,069	1,634,843
CURRENT LIABILITIES			
Trade and other payables	17	(1,074,316)	(669,591)
Short term borrowings	16	-	(557,775)
Tax payable		(15,054)	(3,400)
		(1,089,370)	(1,230,766)
NON CURRENT LIABILITIES			
Deferred tax	15	-	(2,500)
		-	(2,500)
TOTAL LIABILITIES		(1,089,370)	(1,233,266)
NET ASSETS		2,863,699	401,577
EQUITY			
Called up share capital	19	300	300
Retained earnings	24	2,863,399	401,277
SHAREHOLDER'S FUNDS		2,863,699	401,577

The financial statements were approved by the Board of Directors on 14 July 2008 and signed on its behalf by



 Mr D Evison - Director

S. L. SHAW LIMITED
CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 26 APRIL 2006

	Notes	2006 £	2005 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		2,446,104	(13,028)
Adjustments for:			
Finance costs	6	-	34,844
Finance income	6	-	(4,674)
Profit on sale of property, plant & equipment		(2,380,640)	(4,345)
Depreciation expense		10,256	77,951
Available-for-sale financial assets written off		1,449	-
Changes in working capital			
(Increase)/decrease in inventories		(216,867)	2,531
Decrease/(increase) in trade and other receivables		18,486	(52,121)
Increase/(decrease) in trade and other payables		267,347	(77,764)
Increase in accruals		137,377	-
Cash generated from operations		283,512	(36,606)
Income taxes paid		-	(8,700)
NET CASH FROM/(USED BY) OPERATING ACTIVITIES		283,512	(45,306)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(42,712)	(28,794)
Proceeds from sale of property, plant and equipment		3,545,000	8,550
Proceeds from sale of available-for-sale investments		-	668
Interest received	6	-	4,674
Cash advanced to parent company	11	(2,848,863)	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		653,425	(14,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowings		(504,261)	(22,081)
Repayment of long term borrowings		-	(116,874)
Interest paid	6	-	(34,844)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(504,261)	(173,799)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		432,676	(234,007)
Cash and cash equivalents as at 29 April 2005		48,432	282,439
CASH AND CASH EQUIVALENTS AS AT 28 APRIL 2006	14	481,108	48,432

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 APRIL 2006

1. GENERAL INFORMATION

S. L. Shaw Limited is a limited Company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its registered address is 33 Holborn, London EC1N 2HT.

The Company's principal activity is the operation of a chain of retail food supermarkets

The ultimate parent of the Company is J Sainsbury plc

2. ACCOUNTING POLICIES

(a) Statement of Compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 'and International Financial Reporting Interpretations Committee (IFRIC)' interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS

These are the Company's first financial statements prepared under IFRS and therefore, IFRS 1 'First Time Adoption of International Financial Reporting Standards' has been applied. The last financial statements under UK Generally Accepted Accounting Practices' ("UK GAAP") were for the 47 weeks ended 28 April 2005. An explanation of the transition to IFRS is provided in note 22 to these financial statements.

(b) Basis of preparation

The financial statements are prepared in sterling, rounded to the nearest pound (£) unless otherwise stated. They have been prepared under the historical cost convention. A summary of the more important accounting policies set out below

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2c

New standards, interpretations and amendments to published standards

Certain new standards, amendments, and interpretations to existing standards have been published that are mandatory for the Company's future accounting period but for which the Company has not adopted. These are set out below.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

2. ACCOUNTING POLICIES (continued)

Effective for the Company for the financial period beginning 27 April 2006

- Amendment to IAS39 'Cash Flow Hedge Accounting of Forecast Intragroup Transactions'
- Amendment to IAS39 'The Fair Value Option'
- Amendments to IAS39 and IFRS4 Financial Guarantee Contracts
- IFRS 6 'Exploration of and Evaluation of Mineral Resources'
- IFRIC 4 'Determining whether an Arrangement contains a Lease'
- IFRIC 5 'Rights to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
- IFRIC 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IAS 19 'Employee Benefits'.

Effective for the Company for the financial period beginning 25 March 2007:

- Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures
- IFRS 7 Financial Instruments Disclosure
- IFRIC 8 'Scope of IFRS 2'
- IFRIC 9 'Re-assessment of embedded derivatives'
- IFRIC 10 Interim Financial Reporting and Impairment;
- IFRIC 11 IFRS 2 'Group and Treasury Share Transactions'

Effective for the Company for the financial period beginning 23 March 2008:

- IFRIC 12 'Service Concession Arrangements'
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

Effective for the Company for future financial periods:

- Revised IAS 1 'Presentation of financial statements'
- Revised IAS23 'Borrowing Costs'
- Revised IAS 27 'Consolidated and separate financial statements'
- Amendment to IAS 32 'Financial instruments: Presentation'
- Amendment to IFRS 2 'Share-based payment'
- Revised IFRS 3 'Business Combinations'
- IFRS 8 'Operating Segments'
- IFRIC 13 'Customer Loyalty Programmes'

The Company has considered the above Standards, interpretations and amendments and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in preparing the opening IFRS balance sheet at 31 May 2004 for the purposes of transition to IFRS.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

2. ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue consists of sales through retail outlets and commission income (all net of value added tax).

All revenue is recognised as soon as the goods/services are passed to the customer

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Freehold land	-
Freehold buildings	Over 20 years
Motor vehicles	25%
Fixtures and fittings	15%
Leasehold improvements	Over the life of the lease

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on an average basis. Net realisable value is based on estimated selling price less additional costs to disposal

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement

Deferred tax

Deferred tax is accounted for on the basis of temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the temporary differences can be utilised

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

2. ACCOUNTING POLICIES (Continued)

Related party disclosures

The Company is a wholly owned subsidiary of J Sainsbury plc. All Intra Group and other related party disclosures as required under IAS24 are included in note 12 to the financial statements.

Operating leases

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

2. ACCOUNTING POLICIES (Continued)

(c) Judgements and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below:

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whatever current or future events and circumstances suggest that the irrecoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimated of future performance.

Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination was made.

3. REVENUE

Revenue represents the amounts (excluding value added tax and discounts) derived from the provision of goods and services to third party customers during the year within the United Kingdom.

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting) the following:

	2006	2005
	£	£
Loss/(profit) on sale of property, plant and equipment	123,351	(4,345)
Depreciation expense	10,256	77,951
Operating leases	232,999	138,691
Employee costs (note 5)	1,851,511	1,668,083
Available-for-sale financial assets written off	1,449	-
	2006	2005
	£	£
Auditor's remuneration - audit services	-	21,750
Auditor's remuneration - non-audit services	-	1,850
	-	23,600

Auditor's remuneration relating to audit and amounts payable to associates of the auditors for non-audit services are settled by the Company's immediate parent undertaking Sainsbury's Supermarket Ltd

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

5. EMPLOYEE EXPENSES

	2006 £	2005 £
Wages and salaries	1,717,661	1,560,797
Social security costs	126,780	106,295
Pension costs	7,070	991
	<u>1,851,511</u>	<u>1,668,083</u>

The average monthly number of employees during the year was made up as follows:

	2006 No.	2005 No.
Sales and marketing	230	210
Management	19	19
	<u>249</u>	<u>229</u>

6. FINANCE INCOME AND FINANCE COSTS

	2006 £	2005 £
Finance costs:		
Borrowing costs:		
Bank loans and overdrafts	-	34,844
Finance income:		
Interest received on cash and cash equivalents	-	4,674

7. OTHER NON-OPERATING INCOME

	2006 £	2005 £.
Profit on sale of property, plant and equipment	2,505,637	-
	<u>2,505,637</u>	<u>-</u>

The profit on sale of property, plant and equipment relates to the sale of the Company's freehold properties to Fare Properties Limited for a consideration of £3,545,000 (See note 12 for further details).

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

8. INCOME TAX

Components of income tax expense

	2006	2005
	£	£
Current income tax expense		
Current income tax charge	11,664	3,400
Adjustments to current tax of prior period	(10)	1,400
	<hr/>	<hr/>
Current income tax expense	11,654	4,800
Deferred income tax expense		
Relating to origination and reversal of temporary differences	(29,025)	(3,600)
Adjustment in respect of prior periods	1,353	-
	<hr/>	<hr/>
Income tax expense reported in income statement	(16,018)	1,200
	<hr/>	<hr/>

Reconciliation of income tax charge to accounting profit

	2006	2005
	£	£
Profit/(loss) before taxation	2,446,104	(13,028)
Income tax at UK corporation tax rate of 30% (2006 : 30%)	733,831	(3,908)
Tax effect of capital allowances	(8,474)	(11,594)
Other permanent differences	37,499	-
Tax effect of non deductible expenses	499	22,486
Tax effect of marginal rate relief	-	(3,584)
Over provision in prior years	(10)	1,400
Group relief claim	(751,691)	-
	<hr/>	<hr/>
Tax expense using effective rate	11,654	4,800
	<hr/>	<hr/>

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

9. PROPERTY, PLANT AND EQUIPMENT

At 26 April 2006

	Freehold land £	Freehold buildings £	Leasehold improve- ments £	Fixtures and fittings £	Total £
Cost					
At 29 April 2005	399,667	865,906	123,351	625,734	2,014,658
Additions	-	-	-	42,712	42,712
Disposals	(399,667)	(865,906)	-	-	(1,265,573)
Disposals through store refurbishment	-	-	(123,351)	(625,734)	(749,085)
At 26 April 2006	-	-	-	42,712	42,712

Depreciation

At 29 April 2005	-	(226,211)	(123,351)	(500,737)	(850,299)
Disposals	-	226,211	-	-	226,211
Disposals through store refurbishment	-	-	123,351	500,737	624,088
Depreciation expense for the year	-	-	-	(10,256)	(10,256)
At 26 April 2006	-	-	-	(10,256)	(10,256)

Net book value

At 29 April 2005	399,667	639,695	-	124,997	1,164,359
At 26 April 2006	-	-	-	32,456	32,456

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 28 April 2005

	Freehold land £	Freehold buildings £	Leasehold improve- ments £	Motor vehicles £	Fixtures and fittings £	Total £
Cost						
At 1 June 2004	399,667	865,906	123,351	13,346	601,635	2,003,905
Additions	-	-	-	4,695	24,099	28,794
Disposals	-	-	-	(18,041)	-	(18,041)
At 28 April 2005	<u>399,667</u>	<u>865,906</u>	<u>123,351</u>	<u>-</u>	<u>625,734</u>	<u>2,014,658</u>
Depreciation						
At 1 June 2004	-	(210,225)	(123,351)	(12,096)	(440,512)	(786,184)
Disposals	-	-	-	13,836	-	13,836
Depreciation expense for the year	-	(15,986)	-	(1,740)	(60,225)	(77,951)
At 28 April 2005	<u>-</u>	<u>(226,211)</u>	<u>(123,351)</u>	<u>-</u>	<u>(500,737)</u>	<u>(850,299)</u>
Net book value						
At 1 June 2004	<u>399,667</u>	<u>655,681</u>	<u>-</u>	<u>1,250</u>	<u>161,123</u>	<u>1,217,721</u>
At 28 April 2005	<u>399,667</u>	<u>639,695</u>	<u>-</u>	<u>-</u>	<u>124,997</u>	<u>1,164,359</u>

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2006 £	2005 £
Non current.		
Unquoted investments	<u>-</u>	<u>1,449</u>
Investments consist of trading unquoted investments		

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

11. TRADE AND OTHER RECEIVABLES

	2006 £	2005 £
Current		
Other receivables	-	35,410
Prepayments and accrued income	47,231	30,307
	47,231	65,717

Credit risk with respect to receivables is limited due to the Company's trade being largely cash based.

	2006 £	2005 £
Non current		
Receivable from parent company	2,848,863	-

Amounts due from parent company are interest free and will not fall due for payment within 12 months of the balance sheet date.

12. RELATED PARTY TRANSACTIONS

Purchases from fellow subsidiary undertakings	2006 £	2005 £
Goods for resale	4,902,319	-
Distribution costs	258,983	-
Labour costs transferred	65,182	-
Other costs recharged	283,087	-
Pre-opening costs recharged	98,396	-
Payments to parent undertaking		
Net proceeds of property sale retained by parent company	(3,040,739)	-

Receivable from group undertakings

	2006 £	2005 £
Parent company loan	2,848,863	-

Payable to group undertakings

	2006 £	2005 £
Fellow subsidiary - trade creditors	691,263	-
- accruals	258,983	-
	950,246	-

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

Other transactions

Pursuant to an agreement dated 28 April 2005 the entire issued share capital of the Company was acquired by J Sainsbury plc from the Shaw family. Completion was deemed to have occurred at 9 30am on 29 April 2005.

Simultaneously, pursuant to a sale and leaseback agreement dated 28 April 2005 the Company sold its freehold properties to Fare Properties Limited, a Company controlled by the Shaw family, for a consideration of £3,545,000. Under the terms of this agreement, Fare Properties Ltd granted Sainsbury's Supermarkets Ltd leases to occupy the shop premises at Camberley, Chessington, and Woking for periods of 15 years at a total annual rental of £144,000 per annum, subject to periodic rent reviews, payable quarterly in advance.

Also simultaneously, pursuant to a licence dated 28 April 2005, Fare Properties Limited granted the Company a licence to occupy that part of the first floor premises comprising 7a Heatheridge Arcade, Camberley at a fee of £550 per calendar month, payable monthly in advance. This licence is terminable on at least one calendar month's prior written notice by either party.

Directors' Emoluments

The Directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments receivable	-	78,064

The number of Directors who accrued benefits under Company pension schemes was as follows

	2006	2005
	No.	No.
Money purchase schemes	-	1

Since 29 April 2005 the emoluments of the Directors have been paid by J Sainsbury plc and no recharge is made to this Company.

Remuneration of key management personnel

The key management of the Company is deemed to comprise the board of Directors.

13. INVENTORIES

	2006	2005
	£	£
Goods held for resale	509,613	292,746
Consumables	8,626	8,626
	518,239	301,372

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

14. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 26 April 2006.

	2006	2005
	£	£
Cash on hand	95,819	17,755
Cash at bank	388,289	84,191
	481,108	101,946
Bank overdraft	-	(53,514)
	481,108	48,432

15. DEFERRED TAX

	2006	<i>Balance sheet</i> 2005	2006	<i>Income statement</i> 2005
	£	£	£	£
Deferred tax liabilities				
Accelerated Capital Allowances	25,172	(2,500)	27,671	(3,600)

16. FINANCIAL LIABILITIES - BORROWINGS

Bank loans and other borrowings

	2006	2005
	£	£
Bank overdraft	-	53,514
Floating rate bank loan	-	504,261
	-	557,775

The bank loan and bank overdraft are secured by a floating charge over the assets of the Company

The bank loan was repaid on 5th May 2005.

The bank overdraft is repayable on demand and attracts a floating rate of interest.

17. TRADE AND OTHER PAYABLES

	2006	2005
	£	£
Trade payable	95,884	519,972
Other payables	-	3,681
Accruals	264,333	126,956
Other tax and social security payable	22,836	18,982
Amounts owed to related parties	691,263	-
	1,074,316	669,591

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

18. FINANCIAL INSTRUMENTS

Treasury Management

Treasury policies are reviewed and approved by the parent company's board. The Chief Executive and Chief Financial Officer have joint delegated authority from the parent company's board to approve finance transactions.

The J Sainsbury plc Group operates a central treasury function is responsible for managing the Company's liquid resources, funding requirements and interest rate and currency exposures. J Sainsbury plc Group policy permits the use of derivative instruments but only for reducing exposures arising from underlying business activity and not for speculative purposes.

Financial instruments

The Company holds or issues financial instruments to finance its operations. Various other financial instruments e.g. trade receivables and payables also arise out of the Company's commercial operations.

The Company finances its operations by a combination of financing from the parent company, share capital and cash generated by operations.

Interest rate risk

The Company's exposure to interest rate fluctuations are limited to amounts receivable and payable to Group companies.

Liquidity risk

The Company's exposure to liquidity risk is managed by funding cash flow requirements from the parent company.

Credit risk

The Company's exposure to credit risk is limited to amounts receivable and payable to Group companies. Concentrations of credit risk with respect to trade and other receivables are limited due to the customer base being large and unrelated.

Fair value estimation

The fair values of receivables, overdrafts, payables and loans of a maturity of less than one year are approximate their book values.

The fair values of amounts due from Group companies are discounted using current market rates of interest.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

19. CALLED UP SHARE CAPITAL

Authorised share capital

	No.	2006	No.	2005
		£		£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Issued share capital

	No.	2006	No.	2005
		£		£
Issued and fully paid				
Ordinary shares of £1 each	300	300	300	300

All issued share capital is classified as equity

20. PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is J Sainsbury plc.

Copies of J Sainsbury plc consolidated financial statements can be obtained from the website www.j-sainsbury.co.uk

21. OPERATING LEASE COMMITMENTS

As lessee

The Company leases various retail stores under non-cancellable operating leases.

The leases have various terms. The commitment under non-cancellable operating leases payable are as follows -

	2006	2005
	£	£
Less than one year	144,000	85,200
Later than one year but less than five years	432,000	99,000
Later than five years	1,440,000	49,500
	2,016,000	233,700

22. EXPLANATION OF TRANSITION TO IFRS

This is the first time that the Company has presented its financial statements under IFRS. The last financial statements under UK GAAP were for the 47 week period ended 28 April 2005 and the Company's date of transition to IFRS was 31 May 2004.

First - time adoption

IFRS 1 "First-time Adoption of IFRS" allows Companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e. period ended 28 April 2005). The Company has elected to take the exemption relating to financial instruments and has deferred the implementation of IAS 32 and IAS 39 to the financial period ending 26 April 2006. Therefore, financial instruments continue to be accounted for and presented in accordance with UK GAAP for the period ended 28 April 2005.

S. L. SHAW LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 APRIL 2006

There were no IAS 32 and IAS 39 adjustments for the period ending 28 April 2005 therefore no adjustments have been made to the opening balances at 29 April 2005.

Reconciliation between UK GAAP and IFRS

There are no adjustments to reported profit or equity in the financial statements at 31 May 2004 (transition date) and for the period ended 28 April 2005 (last financial year) upon transition to IFRS. Consequently, no reconciliations have been presented.

23. EVENTS AFTER THE BALANCE SHEET DATE

The trading activities carried on by the Company were transferred to Sainsbury's Supermarkets Ltd in July 2006 following the conversion of the stores to align them with the 'Sainsbury's Local' brand

24. RETAINED EARNINGS

	£
At 29 April 2005	401,277
Profit for the year	2,462,122
	<hr/>
At 26 April 2006	2,863,399
	<hr/>

	£
At 1 June 2004	415,505
Loss for the year	(14,228)
	<hr/>
At 26 April 2006	401,277
	<hr/>