

Stores Group Limited

Directors' report and financial statements

Registered number 1697262

52 weeks ended 3 February 2008



Contents

Page

Directors' report	1
Statement of Directors' responsibilities	2
Report of the Independent Auditors	3
Accounting policies	5
Balance sheet	6
Notes to the financial statements	7

Stores Group Limited

52 weeks ended 3 February 2008

Directors' report

The Directors present their annual report and the audited financial statements for the 52 weeks ended 3 February 2008

Result and dividend

The profit for the financial period after taxation amounted to £nil (2007 £nil)

The Directors do not recommend the payment of a dividend (2007 £nil)

Business review and principal activities

The principal activity of the Company was that of an investment company, though there has been no trading in the period, or the preceding period

There have been no additions or disposals of investments in the period. The performance of the trading subsidiary, Safeway Stores Ltd, is dealt with in the accounts of that company

Directors and their interests

The Directors who held office during the period were as follows -

M Gunter

D Hutchinson (resigned 29 June 2007)

R Owen

R Pennycook

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Sections 384 and 390A of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors and to authorise the Directors to set their remuneration is to be proposed at the forthcoming Annual General Meeting

By order of the board



J Burke

Company secretary

Hilmore House
Gain Lane
Bradford
BD3 7DL

5 June 2008

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the Directors are required to

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditors report to the members of Stores Group Limited

We have audited the financial statements of Stores Group Limited for the period ended 3 February 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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

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

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

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

Basis of audit opinion

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

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

Stores Group Limited

52 weeks ended 3 February 2008

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 3 February 2008 and of its results for the period then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc

5 June 2008

Chartered Accountants

Registered Auditor

Leeds

Stores Group Limited

52 weeks ended 3 February 2008

Accounting policies

The term 'Company' refers to Stores Group Limited and the term 'Group' refers to Wm Morrison Supermarkets PLC

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

Basis of preparation

The accounting period of the Company ends on the Sunday falling between 29 January and 4 February each year. The financial statements are prepared under the historical cost convention and presented in accordance with UK GAAP.

Under FRS 8 the Company is exempt from the requirement to disclose related party transactions with the Wm Morrison Supermarkets PLC (the Group) on the grounds that it is a wholly owned subsidiary.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that Wm Morrison Supermarkets PLC includes the Company in its own published consolidated financial statements and these are publicly available.

The Directors have chosen not to prepare consolidated financial statements for Safeway Group Limited in accordance with the provisions of section 228 of the Companies Act 1985. The results of the Company are included in the consolidated accounts of Safeway Limited and of Wm Morrison Supermarkets PLC.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost, less any provision for impairment.

Stores Group Limited**52 weeks ended 3 February 2008****Balance sheet****3 February 2008**

	Note	2008 £000	2007 £000
Fixed assets			
Investments in subsidiaries	4	1,114,050	1,114,050
Creditors amounts falling due within one year	5	(879,670)	(879,670)
Net assets		264,380	264,380
Capital and reserves			
Called up share capital	6	100	100
Profit and loss account		264,280	264,280
Equity shareholders' funds		264,380	264,380

The accounting policies on page 5 and notes on pages 7 and 8 form part of these financial statements

These financial statements were approved by the Board of Directors on 5 June 2008 and were signed on its behalf by

**R Pennycook**

Director

Notes to the financial statements

1. Profit and loss account

There was no trading activity during this period, nor the prior period

2. Operating expenses

Administrative expenses of the Company, including Auditors remuneration, have been borne by the immediate holding company

There were no emoluments received or receivable by any of the Directors in respect of their services to the Company during the period (2007 - £nil)

The Company has no employees

3. Taxation

There was no trading in the period, thus no tax charge to the Company (2007 £nil)

4. Investments in subsidiaries

	2008 £000	2007 £000
At start of period	1,144,050	1,144,050
Disposals	-	-
At end of period	1,144,050	1,144,050

	Country of registration	Country of operation	Business
Safeway Stores Limited	England	England	Grocery retailer
North West Vintners (Retail) Ltd	England	England	Dormant
Presto Ltd	England	England	Dormant
Safeway Food Stores Ltd	England	England	Dormant
SK Assets Ltd	England	England	Dormant

5 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed by group undertakings	879,670	879,670

Amounts owed by Group undertakings are non-interest bearing

Stores Group Limited**52 weeks ended 3 February 2008****6. Called up share capital**

	2008 £000	2007 £000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid		
100,000 ordinary shares of £1 each	100	100

7. Guarantees and other financial commitments

The Company is party to a Group-wide guarantee comprising a net-off and/or set-off arrangement in connection with its bank facilities

8. Ultimate holding company

The smallest group in which the results of the Company are consolidated is that headed by Safeway Limited which is incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of Safeway Limited are available from the address below.

The largest group in which the results of the Company are consolidated is that headed by Wm Morrison Supermarkets PLC which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Wm Morrison Supermarkets PLC are available from

The Company Secretary
Wm Morrison Supermarkets PLC
Hilmore House
Gain Lane
Bradford
BD3 7DL