

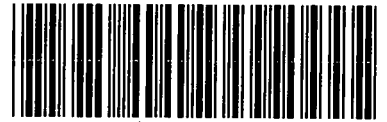
Registration number: 1697262

# Stores Group Limited

Strategic Report, Directors' report and financial statements

for the 52 weeks ended 2 February 2014

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# **Stores Group Limited**

## **Contents**

Strategic Report .....	1
Directors' report .....	2
Statement of Directors' responsibilities .....	3
Independent auditor's report to the members of Stores Group Limited .....	4 to 5
Profit and loss account .....	6
Balance sheet .....	7
Notes to the financial statements .....	8 to 13

**Stores Group Limited**  
**Strategic report for the 52 weeks ended 2 February 2014**

The Directors have pleasure in presenting their report and the Company's audited financial statements for the period from 4 February 2013 to 2 February 2014.

**Principal activity**

The principal activity of the Company is that of an investment company.

**Business review**

The Company received a dividend of £1,500,800,000 (2013: £500,020,000) from its trading subsidiary Safeway Stores Limited during the 52 weeks ended 2 February 2014.

The profit for the period after taxation amounted to £1,500,800,000 (2013: £500,020,000). The Directors authorised an interim dividend during the period of £500,000,000 (2013: £500,000,000) and a final dividend of £1,000,700,000 (2013: nil). There have been no additions or disposals of investments in the period. The performance of the trading subsidiary, Safeway Stores Limited, is dealt with in the accounts of that company.

**Key performance indicators**

The Directors of Wm Morrison Supermarkets PLC manage operations on a Group basis. For this reason, the Directors believe that analysis using key performance indicators (KPIs) for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The KPIs of the Group are discussed on pages 20 to 28 of the Group's Annual report and financial statements, which does not form part of this report.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties reflect the principal risks of the Group. Accordingly, the principal risks and uncertainties of Wm Morrison Supermarkets PLC, which include those of the Company, are disclosed on pages 40 to 42 of the Group's Annual Report and financial statements which does not form part of this report.

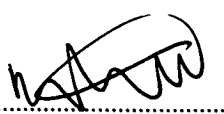
**Internal control**

The Board is responsible for the system of internal control within the Company and for reviewing its effectiveness. The control system is intended to manage rather than eliminate the risk of not meeting the Company's strategic objectives. Any such system can only provide reasonable, not absolute, assurance against material misstatement or loss.

**Corporate and social responsibility**

The Group recognises the importance of its corporate and social responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual report and financial statements which do not form part of this report. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

Approved by the Board on 15 July 2014 and signed on its behalf by:



.....  
M Amsden  
Director

**Stores Group Limited**  
**Directors' report for the 52 weeks ended 2 February 2014**

**Directors of the Company**

The Directors who held office during the period and up to the date of signing of these financial statements were as follows:

R Pennycook (resigned 10 April 2013)

T Strain

M Amsden

**Disclosure of information to auditor**

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 auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Small company provisions**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board on 15 July 2014 and signed on its behalf by:

  
.....  
M Amsden  
Director

**Registered office**  
Hilmore House  
Gain Lane  
Bradford  
BD3 7DL

## **Stores Group Limited**

### **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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Stores Group Limited**

We have audited the financial statements of Stores Group Limited for the 52 weeks ended 2 February 2014, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Statement of Directors' responsibilities set out on page 3, 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 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 February 2014 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to smaller entities; 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of  
Stores Group 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

.....  
**Adrian Stone (Senior Statutory Auditor)**  
**For and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

Date: 15 July 2014

**Stores Group Limited**  
**Profit and loss account for the 52 weeks ended 2 February 2014**

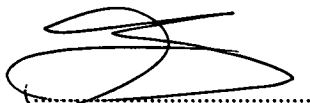
		<b>52 weeks ended 2 February 2014 £000</b>	<b>53 weeks ended 3 February 2013 £000</b>
	<b>Note</b>		
Income from shares in group undertakings		<u>1,500,800</u>	<u>500,020</u>
Profit on ordinary activities before taxation		<u>1,500,800</u>	<u>500,020</u>
Taxation on profit on ordinary activities	<b>4</b>	<u>-</u>	<u>-</u>
Profit on ordinary activities for the financial period after taxation	<b>10</b>	<u><u>1,500,800</u></u>	<u><u>500,020</u></u>



**Stores Group Limited**  
**(Registration number: 1697262)**  
**Balance sheet at 2 February 2014**

	Note	2 February 2014 £000	3 February 2013 £000
<b>Fixed assets</b>			
Investments in subsidiaries	6	<u>1,144,050</u>	<u>1,144,050</u>
<b>Current assets</b>			
Debtors	7	595,900	500,020
Creditors: amounts falling due within one year	8	<u>(1,475,450)</u>	<u>(1,379,670)</u>
<b>Net current liabilities</b>		<u>(879,550)</u>	<u>(879,650)</u>
<b>Net assets</b>		<u><u>264,500</u></u>	<u><u>264,400</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account	10	<u>264,400</u>	<u>264,300</u>
<b>Equity shareholders' funds</b>	11	<u><u>264,500</u></u>	<u><u>264,400</u></u>

Approved by the Board on 15 July 2014 and signed on its behalf by:



T Strain  
Director

## **Stores Group Limited**

### **Notes to the financial statements for the 52 weeks ended 2 February 2014**

#### **1 Accounting policies**

The term 'Company' refers to Stores Group Limited and the term 'Group' refers to Wm Morrisons Supermarkets PLC and its subsidiary undertakings.

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**

These separate financial statements which have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable accounting standards under UK GAAP, are presented as required by the Companies Act 2006.

The Directors have chosen not to prepare consolidated financial statements for Stores Group Limited in accordance with the provisions of section 400 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Safeway Limited and Wm Morrison Supermarkets PLC.

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

Under FRS 1 Cashflow statements, 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.

##### **Accounting reference date**

The accounting period of the Company ends on the Sunday falling between 29 January and 4 February each year.

##### **Going concern**

The Directors' assessment of the Company's ability to continue as a going concern has taken into consideration cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements.

The Directors are satisfied that the Company has adequate resources available to continue to meet its liabilities as they fall due. Consequently, the going concern basis is adopted in the preparation of the financial statements.

##### **Investments**

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

#### **2 Profit and loss account**

Audit fees and expenses were paid by the ultimate parent company. Fees paid were £1,000 (2013: £1,000) in relation to audit services. There are no fees in relation to non-audit services.

## Stores Group Limited

### Notes to the financial statements for the 52 weeks ended 2 February 2014 *(continued)*

#### 3 Employees and Directors

There are no employees of the Company (2013: none).

##### Directors' emoluments

The emoluments of the Directors are paid by Wm Morrison Supermarkets PLC which makes no recharge to the Company. It is not possible to make an accurate apportionment of the emoluments of the Directors between Wm Morrison Supermarkets PLC and fellow subsidiaries. Accordingly, the above details include no emoluments in respect of Directors.

Where the Directors are also Directors of the ultimate parent company, Wm Morrison Supermarkets PLC, details of the emoluments and accrued benefits under the defined benefit pension schemes that the Directors received for the 52 weeks ending 2 February 2014 are disclosed in the Annual report and financial statements of that company.

#### 4 Taxation

##### Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23.17% (2013 - 24.33%).

The differences are reconciled below:

	52 weeks ended 2 February 2014 £000	53 weeks ended 3 February 2013 £000
Profit on ordinary activities before taxation	1,500,800	500,020
Corporation tax at standard rate	347,735	121,655
Dividend from UK company	(347,735)	(121,655)
Resulting current tax charge for period	-	-

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's profits for this accounting period are taxed at the combined rate of 23.17%.

## Stores Group Limited

### Notes to the financial statements for the 52 weeks ended 2 February 2014 *(continued)*

#### 5 Dividends

Amounts recognised as distributed to equity shareholders in the period:

	2 February 2014 £000	3 February 2013 £000
<b>Dividends paid</b>		
Interim dividend for the period ended 2 February 2014 of £5,000 per share (2013: £5,000)	500,000	500,000
Final dividend of £10,007 per share (2013: £nil) paid in the year ended 2 February 2014	<u>1,000,700</u>	<u>-</u>
Amounts recognised as distributed to equity shareholders in the year: Dividend paid in the year ended 2 February 2014 of £15,007 per share	<u><u>1,500,700</u></u>	<u><u>500,000</u></u>

#### 6 Investments in subsidiaries

	2 February 2014 £000	3 February 2013 £000
Shares in group undertakings and participating interests	<u><u>1,144,050</u></u>	<u><u>1,144,050</u></u>

## Stores Group Limited

### Notes to the financial statements for the 52 weeks ended 2 February 2014 *(continued)*

#### 6 Investments in subsidiaries continued

##### Details of undertakings

Details of subsidiary investments are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
Safeway Stores Limited England	Ordinary	100%	Grocery retail
Presto Stores Limited England	Ordinary	100%	Dormant
Safeway Food Stores Limited England	Ordinary	100%	Dormant

The Directors consider the value of the investments to be supported by their underlying assets.

#### 7 Debtors

	2 February 2014 £ 000	3 February 2013 £ 000
Amounts owed by group undertakings	<u>595,900</u>	<u>500,020</u>

The amounts owed by Group undertakings are non-interest bearing and unsecured.

#### 8 Creditors: amounts falling due within one year

	2 February 2014 £ 000	3 February 2013 £ 000
Amounts owed to group undertakings	<u>1,475,450</u>	<u>1,379,670</u>

Amounts owed to Group undertakings are non-interest bearing and unsecured.

## Stores Group Limited

### Notes to the financial statements for the 52 weeks ended 2 February 2014 *(continued)*

#### 9 Called up share capital

##### Allotted, called up and fully paid shares

	2 February 2014		3 February 2013	
	Number of shares thousands	£000	Number of shares thousands	£000
Authorised, called-up and fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

#### 10 Profit and loss account

	Total £000
At start of period	264,300
Profit on ordinary activities for the period after taxation	1,500,800
Dividends	<u>(1,500,700)</u>
At 2 February 2014	<u>264,400</u>

#### 11 Reconciliation of movement in shareholders' funds

	2 February 2014 £m	3 February 2013 £m
Profit on ordinary activities after taxation	1,500,800	500,020
Dividend paid	<u>(1,500,700)</u>	<u>(500,000)</u>
Net movement in equity shareholders' funds	100	20
Opening shareholders' funds	<u>264,400</u>	<u>264,380</u>
Closing equity shareholders' funds	<u>264,500</u>	<u>264,400</u>

## **Stores Group Limited**

### **Notes to the financial statements for the 52 weeks ended 2 February 2014 *(continued)***

#### **12 Ultimate holding company**

The immediate parent undertaking and head of the smallest group in which the results of the Company are consolidated is 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 ultimate parent and head of the largest group in which the results of the Company are consolidated is Wm Morrisons Supermarkets PLC which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Wm Morrisons Supermarkets PLC are available from:

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