

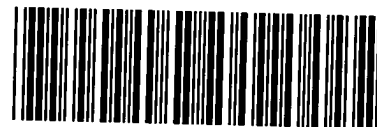
Registration number: 1697262

Stores Group Limited

Annual report and financial statements

for the 52 weeks ended 1 February 2015

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Stores Group Limited
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Stores Group Limited
Directors' report for the 52 weeks ended 1 February 2015

The Directors have pleasure in presenting their Annual report and the Company's audited financial statements for the 52 weeks ended 1 February 2015.

Business review, results and dividend

The principal activity of the company that of an investment company. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next period.

The profit for the financial period amounted to £500,000,000 (2014: £1,500,800,000). The Company received a dividend of £500,000,000 (2014: £1,500,800,000) from its trading subsidiary Safeway Stores Limited during the 52 weeks ended 1 February 2015.

The Directors authorised and paid an interim dividend during the period of £nil (2014: £500,000,000) and a final dividend of £500,000,000 (2014: £1,000,700,000). As at 1 February 2015 the Company had net assets of £264,500,000 (2014: £264,500,000).

During the 52 week period ended 1 February 2015 a subsidiary Company, S K Assets Limited, was dissolved (note 7). The performance of the trading subsidiary, Safeway Stores Limited, is dealt with in the accounts of that Company.

Going concern

The Directors' assessment of the Company's ability to continue as a going concern has taken into consideration current performance and cash flow forecasts. Notwithstanding net liabilities of £868,669,000 (2014: £879,550,000), these financial statements have been prepared on a going concern basis.

The Company is a subsidiary undertaking of Wm Morrison Supermarkets Plc. Wm Morrison Supermarkets Plc has indicated its intention to provide such financial support as may be necessary.

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:

T Strain

M Amsden

Disclosure of information to auditor

Each Director who held office at the date of approval of this Directors' report confirms that, so far as they are aware, there is no relevant 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 in order 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 23 October 2015 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 Strategic report, Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, 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 prepared 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditors' report to the members of
Stores Group Limited**

Report on the financial statements

Our opinion

In our opinion, Stores Group Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 1 February 2015 and of its profit for the 52 week period ("the period") 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.

What we have audited

Stores Group Limited's financial statements comprise:

- the Balance sheet as at 1 February 2015;
- the Profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions arising from this responsibility.

**Independent auditors' report to the members of
Stores Group Limited (continued)**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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Steve Denison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Leeds

Date: 23-10-15

Stores Group Limited
Profit and loss account for the 52 weeks ended 1 February 2015

	Note	52 weeks ended 1 February 2015 £000	52 weeks ended 2 February 2014 £000
Amounts written off investments	2	(10,881)	-
Income from shares in group undertakings		510,881	1,500,800
Profit on ordinary activities before taxation		500,000	1,500,800
Tax on profit on ordinary activities	5	-	-
Profit for the financial period	11	500,000	1,500,800

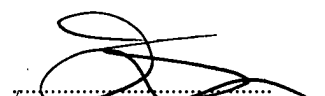
All recognised gains and losses relating to the period and the preceding period arise from continuing operations and are shown in the profit and loss account.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial periods stated above and their historical cost equivalents.

Stores Group Limited
(Registration number: 1697262)
Balance sheet at 1 February 2015

	Note	1 February 2015 £000	2 February 2014 £000
Fixed assets			
Investments	7	<u>1,133,169</u>	<u>1,144,050</u>
Current assets			
Debtors	8	595,900	595,900
Creditors: amounts falling due within one year	9	<u>(1,464,569)</u>	<u>(1,475,450)</u>
Net current liabilities		<u>(868,669)</u>	<u>(879,550)</u>
Total assets less current liabilities		<u>264,500</u>	<u>264,500</u>
Net assets		<u>264,500</u>	<u>264,500</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	<u>264,400</u>	<u>264,400</u>
Total shareholders' funds	12	<u>264,500</u>	<u>264,500</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 23 October 2015 and signed on its behalf by:


T Strain
Director

Stores Group Limited
Notes to the financial statements for the 52 weeks ended 1 February 2015

1 Accounting policies

The term 'Company' refers to Stores Group Limited and the term 'Group' refers to Wm Morrison 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 in the United Kingdom, 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.

Current Taxation

Current tax payable is based on the taxable profit for the year using tax rates in effect during the period.

Stores Group Limited
Notes to the financial statements for the 52 weeks ended 1 February 2015 (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	52 weeks ended 1 February 2015 £ 000	52 weeks ended 2 February 2014 £ 000
Investment write off expense	<u>10,881</u>	<u>-</u>

During the period ended 1 February 2015 a subsidiary investment, S K Assets Limited was dissolved. This has resulted in a dividend of £10,881,000 being paid to Stores Group Limited which has been offset by a reduction in investments of £10,881,000.

3 Profit and loss account

Audit fees and expenses were paid by the ultimate parent company. Fees paid were £1,000 (2014: £1,000) in relation to audit services. There are no fees in relation to non-audit services.

Following a tender process, PricewaterhouseCoopers LLP were appointed as auditors of the company in June 2014.

4 Employees and Directors

There are no employees of the Company (2014: 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 1 February 2015 are disclosed in the Annual report and financial statements of that company.

Stores Group Limited

Notes to the financial statements for the 52 weeks ended 1 February 2015 *(continued)*

5 Taxation

There was no corporation tax payable or receivable in the year ended 1 February 2015.

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21.32% (2014 - 23.17%).

The differences are reconciled below:

	52 weeks ended 1 February 2015 £000	52 weeks ended 2 February 2014 £000
Profit on ordinary activities before taxation	<u>500,000</u>	<u>1,500,800</u>
Corporation tax at standard rate	106,600	347,735
Dividend from UK company	(108,920)	(347,735)
Impairment of investment	<u>2,320</u>	<u>-</u>
Resulting current tax charge for period	<u>-</u>	<u>-</u>

A change to the UK corporation tax rate was announced in the March 2013 budget, to reduce the rate to 21% from 1 April 2014, with a further reduction to 20% from 1 April 2015. These changes were substantively enacted in July 2013 and have been recognised in these financial statements.

In the Chancellor's budget of June 2015, further changes to the UK corporation tax rate were announced that will reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes were not substantively enacted at the balance sheet date they have not been reflected in the financial statements.

There is no unprovided deferred tax in the year ended 1 February 2015.

6 Dividends

Amounts recognised as distributed to equity shareholders in the period:

	1 February 2015 £000	2 February 2014 £000
Dividends paid		
Interim dividend for the period ended 1 February 2015 of £nil per share (2014: £5,000)	-	500,000
Final dividend of £5,000 per share paid in the year ended 1 February 2015 (2014: £10,007)	<u>500,000</u>	<u>1,000,700</u>
Amounts recognised as distributed to equity shareholders in the year:	<u>500,000</u>	<u>1,500,700</u>

Stores Group Limited
Notes to the financial statements for the 52 weeks ended 1 February 2015 *(continued)*

7 Investments

	1 February 2015 £000	2 February 2014 £000
Shares in group undertakings and participating interests	<u>1,133,169</u>	<u>1,144,050</u>

During the 52 weeks ended 1 February 2015 a subsidiary company S K Assets Limited was dissolved. This resulted in a dividend of £10,881,000 being paid to Stores Group Limited which has been offset by a reduction in the investments in subsidiaries of £10,881,000.

Details of undertakings

Details of subsidiary investments are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Safeway Stores Limited	Ordinary	100%	Operation of retail supermarket stores
Presto Stores Limited	Ordinary	100%	Dormant
Safeway Food Stores Limited England	Ordinary	100%	Dormant

Each of the above companies is incorporated in England and Wales.

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

8 Debtors

	1 February 2015 £ 000	2 February 2014 £ 000
Amounts owed by Group undertakings	<u>595,900</u>	<u>595,900</u>

The amounts owed by Group undertakings are non-interest bearing, unsecured and have no fixed date of repayment.

Stores Group Limited
Notes to the financial statements for the 52 weeks ended 1 February 2015 (continued)

9 Creditors: amounts falling due within one year

	1 February 2015 £ 000	2 February 2014 £ 000
Amounts owed to Group undertakings	<u>1,464,569</u>	<u>1,475,450</u>

Amounts owed to Group undertakings are non-interest bearing, unsecured and have no fixed date of repayment.

10 Called up share capital

Allotted, called up and fully paid shares

	1 February 2015		2 February 2014	
	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>

11 Profit and loss account

	Total £000
At 3 February 2014	264,400
Profit for the financial period	500,000
Dividends	<u>(500,000)</u>
At 1 February 2015	<u>264,400</u>

12 Reconciliation of movement in shareholders' funds

	1 February 2015 £000	2 February 2014 £000
Profit for the financial period	500,000	1,500,800
Dividend paid	<u>(500,000)</u>	<u>(1,500,700)</u>
Net movement in equity shareholders' funds	-	100
Opening shareholders' funds	<u>264,500</u>	<u>264,400</u>
Closing equity shareholders' funds	<u>264,500</u>	<u>264,500</u>

Stores Group Limited

Notes to the financial statements for the 52 weeks ended 1 February 2015 *(continued)*

13 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 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