

1697262

STORES GROUP LIMITED

ACCOUNTS TOGETHER WITH THE REPORTS

OF THE DIRECTORS AND AUDITORS

FOR THE YEAR ENDED 1 APRIL 1995



STORES GROUP LIMITED

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STORES GROUP LIMITED
DIRECTORS AND ADMINISTRATION

Country of Registration	England
Registered Number	1697262
Registered Office	P.O. Box 8, 6 Millington Road, Hayes, Middlesex, UB3 4AY.
Directors	R.S. Fisher J.P.Kinch
Company Secretary	J.P.Kinch, FCIS
Solicitors	Clifford Chance
Auditors	Arthur Andersen

STORES GROUP LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report on the affairs of the company together with the audited accounts for the year ended 1 April 1995.

PRINCIPAL ACTIVITY

In the opinion of the directors, the company is an investment company.

CONSOLIDATED ACCOUNTS

Consolidated accounts have not been prepared because the company is a wholly owned subsidiary of another company incorporated in Great Britain.

RESULTS AND DIVIDENDS

The profit for the financial year was £169,573,000 (1994 – £109,514,000).

An interim dividend of £440 per ordinary share was paid on 20 February 1995 totalling £44,000,000 (1994 – £40,000,000). The directors recommend the payment of a final dividend in respect of the year ended 1 April 1995 of £872.265 per ordinary share totalling £87,226,500 (1994 – £67,271,600).

DIRECTORS

The directors of the company during the year were:—

R.S.Fisher
J.P.Kinch

Mr.R.S.Fisher retires by rotation in accordance with the company's articles of association and, being eligible to do so, offers himself for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

The company is a wholly-owned subsidiary of Argyll Group PLC and consequently neither of the directors have any interests in the shares of the company.

The directors were interested in the ordinary 25p shares of Argyll Group PLC at the end of the year as indicated below:—

	<u>1 April 1995</u>		<u>2 April 1994</u>	
	<u>Shares</u>	<u>Share options</u>	<u>Shares</u>	<u>Share options</u>
R.S.Fisher	55,658	145,376	53,781	112,253
J.P.Kinch	38,788	168,739	31,884	170,616

Share options granted to and exercised by directors during the year are set out below:—

	<u>Granted</u>	<u>Exercised</u>
R.S.Fisher	35,000	1,877
J.P.Kinch	—	1,877

The share options referred to above relate to options granted under The Argyll Group Executive Share Option Scheme and/or The Argyll Savings Related Share Option Scheme and enable the option holder to subscribe for ordinary 25p shares of Argyll Group PLC. Details of options currently outstanding are:—

<u>Date of Grant</u>	<u>Subscription Price</u>	<u>Exercise Period</u>	
1 October 1986	153.81 p	1 October 1989	to 30 September 1996
7 December 1987	166.48 p	7 December 1990	to 6 December 1997
15 December 1988	157.72 p	15 December 1991	to 14 December 1998
29 August 1989	191.79 p	17 November 1994	to 17 May 1995
18 December 1989	196.66 p	18 December 1992	to 17 December 1999
14 June 1990	181.08 p	1 September 1995	to 29 February 1996
29 November 1990	234.63 p	29 November 1993	to 28 November 2000
21 June 1991	227.00 p	1 September 1996	to 28 February 1997
23 December 1991	272.00 p	23 December 1994	to 22 December 2001
18 June 1992	279.00 p	1 September 1997	to 28 February 1998
26 November 1992	363.00 p	26 November 1995	to 25 November 2002
15 July 1993	264.00 p	1 September 1998	to 28 February 1999
6 December 1993	255.00 p	6 December 1996	to 5 December 2003
23 June 1994	194.00 p	1 September 1999	to 29 February 2000
13 December 1994	237.00 p	13 December 1997	to 12 December 2004

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, liability insurance has been maintained for the company's directors and officers as permitted by Section 310 of the Companies Act 1985.

CASH FLOW STATEMENT

Under the provisions of Financial Reporting Standard No. 1, the company has not presented a cash flow statement because its ultimate holding company has prepared consolidated accounts which include the company and which contain a cash flow statement.

CLOSE COMPANY STATUS

The directors have been advised that the company is not a close company within the meaning of the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Arthur Andersen have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD


J.P. Kinch
Secretary

1 June 1995

STORES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit for that year. In preparing the accounts the directors are required:

- * to select suitable accounting policies and then apply them consistently;
- * to make judgements and estimates that are reasonable and prudent;
- * to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * to prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

The directors confirm that these accounts comply with these requirements.

AUDITORS' RESPONSIBILITIES

Company law requires the auditors to form an independent opinion on the accounts presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- * that the company has maintained proper accounting records;
- * that the accounts are in agreement with the accounting records;
- * that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- * that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit.

Additionally, the Companies Act 1985 requires the auditors to report to the shareholders if the matters contained in the report of the directors are inconsistent with the accounts.

STORES GROUP LIMITED
REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF STORES GROUP LIMITED:

We have audited the accounts on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall accuracy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 1 April 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN,
Chartered Accountants and Registered Auditors,
1 Surrey Street,
London, WC2R 2PS.

1 June 1995

STORES GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 1 APRIL 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	190,823	132,740
Tax on profit on ordinary activities	3	(21,250)	(23,226)
PROFIT FOR THE FINANCIAL YEAR		169,573	109,514
Dividends	4	(131,227)	(107,272)
RETAINED PROFIT FOR THE YEAR		38,346	2,242
RETAINED PROFIT, beginning of year		2,254	12
RETAINED PROFIT, end of year		<u>40,600</u>	<u>2,254</u>

There are no recognised gains or losses or movements in shareholders' funds other than those shown in the profit and loss account above.

The accompanying notes and statement of accounting policies form part of this profit and loss account.

STORES GROUP LIMITED

BALANCE SHEET AT 1 APRIL 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS			
Investments in subsidiaries	5	<u>1,145,551</u>	<u>1,145,551</u>
 CURRENT ASSETS			
Due from subsidiaries		43,599	20,403
Cash at bank and in hand		<u>82,000</u>	<u>—</u>
		125,599	20,403
 CREDITORS, due within one year	6	<u>(1,230,450)</u>	<u>(1,163,600)</u>
NET CURRENT LIABILITIES		<u>(1,104,851)</u>	<u>(1,143,197)</u>
 NET ASSETS		<u>40,700</u>	<u>2,354</u>
 CAPITAL AND RESERVES			
Called-up share capital	7	100	100
Profit and loss account		<u>40,600</u>	<u>2,254</u>
TOTAL CAPITAL EMPLOYED		<u>40,700</u>	<u>2,354</u>

R.S.FISHER) DIRECTORS
J.P.KINCH) 1 June 1995



The accompanying notes form part of this balance sheet.

STORES GROUP LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less amounts written off. Only dividends received and receivable are credited to the company's profit and loss account.

Taxation

Corporation tax is provided on the taxable profits for the year at the rate current during the year.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

- (a) The profit on ordinary activities before taxation comprises dividends receivable from subsidiary companies.
- (b) There were no emoluments received or receivable by any of the directors in respect of their services to the company during the year (1994 – £Nil).
- (c) Administrative expenses of the company, including auditors' remuneration, have been borne by the immediate holding company.
- (d) The company has no employees.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises ACT suffered on franked investment income receivable.

4. DIVIDENDS

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Interim dividend paid	44,000	40,000
Proposed final dividend	87,227	67,272
	<u>131,227</u>	<u>107,272</u>

5. INVESTMENTS IN SUBSIDIARIES

The movement on this account during the year was:—

	<u>1995</u> £'000	<u>1994</u> £'000
Beginning of year	1,145,551	1,157,678
Additions	—	750
Pre-acquisition dividend receivable	—	(12,877)
End of year	<u>1,145,551</u>	<u>1,145,551</u>

Additions during the year ended 2 April 1994 reflect a subscription for new share capital issued by a subsidiary to finance an increase in business.

Set out below are the company's principal subsidiaries, all of which are wholly-owned:

	<u>Country of registration and operation</u>	<u>Business</u>
Safeway Stores plc	England	Grocery retailer
Presto Stores Limited	England	Grocery retailer
Snowking Limited	England	Investment company
Maypole Insurance Company Limited	Guernsey	Insurance company

In addition to the above, the company has a number of other subsidiary companies, particulars of which will be annexed to the next annual return of the company.

6. CREDITORS, due within one year

	<u>1995</u> £'000	<u>1994</u> £'000
Due to ultimate holding company	1,128,341	1,081,447
Due to subsidiaries	14,882	14,881
Dividend payable	87,227	67,272
	<u>1,230,450</u>	<u>1,163,600</u>

The amounts due to the ultimate holding company and subsidiaries are non interest bearing.

7. CALLED-UP SHARE CAPITAL

	<u>1995 and 1994</u>	
	<u>Authorised</u> £'000	<u>Allotted, called-up and fully paid</u> £'000
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. CONTINGENT LIABILITIES

At 1 April 1995, the company together with other group companies, has jointly and severally guaranteed certain of the group bank overdraft and loan facilities.

9. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Argyll Group PLC, which is registered in England and heads the smallest and largest group in which the accounts are consolidated. These consolidated accounts are available to the public and may be obtained from its registered office at 6 Millington Road, Hayes, Middlesex, UB3 4AY.