

COMPANY NUMBER: FC 025769

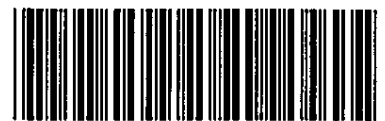
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**STORES OVERSEAS LIMITED**

**NON-STATUTORY ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 24 MARCH 2007**

TUESDAY



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**Stores Overseas Limited  
Directors' Report  
for the 52 weeks ended 24 March 2007**

The Directors present their report and the audited non-statutory financial statements of Stores Overseas Limited (the 'Company') for the 52 weeks ended 24 March 2007

**Principal activities and review of business**

The principal activity of the Company during the period was the lending of monies to J Sainsbury plc group companies. No change is planned in the activities of the Company in the next financial year.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the J Sainsbury plc group ('Group') and are not managed separately. Accordingly the principal risks and uncertainties of the J Sainsbury plc group, which include those of the Company, are discussed on page 27 of the J Sainsbury plc annual report and financial statements 2007, which do not form part of this report.

**Results and dividends**

The Company's profit on the ordinary activities before taxation amounted to £48,357,672 (2006 £46,647,228)

The Directors do not recommend the payment of a dividend (2006 £nil)

**Directors and their interests**

The Directors of Stores Overseas Limited during the period and subsequent to the 52 weeks ended 24 March 2007 are shown below

T Fallowfield	
R J Learmont	
G Willits	(resigned 18 May 2007)
Sainsburys Corporate Director Limited	(appointed 18 May 2007)

The Directors do not have any interests in the share capital of the Company, or any of its subsidiaries

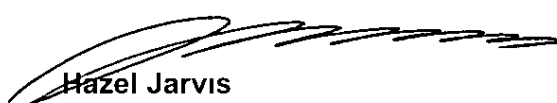
**Disclosure of Information to auditors**

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 steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

**Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**On behalf of the Board.**

  
Hazel Jarvis  
Company Secretary  
Date:

16/1/08

## **Stores Overseas Limited**

### **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of that period, and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 assume 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. 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.

## Stores Overseas Limited

### INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF STORES OVERSEAS LIMITED

We have audited the non-statutory financial statements of Stores Overseas Limited for the 52 weeks ended 24 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These non-statutory financial statements have been prepared under the accounting policies set out therein.

These non-statutory financial statements were prepared solely for the purposes of management of the company's affairs, have not been prepared under section 226 of the Companies Act 1985 and are not the company's statutory financial statements.

#### Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the non-statutory financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the non-statutory financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the directors for management purposes in accordance with our engagement letter and for no other purpose. We do not, in giving this opinion, 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 including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the non-statutory financial statements give a true and fair view.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited non-statutory financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non-statutory financial statements. Our responsibilities do not extend to any other information.

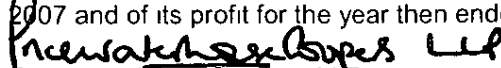
#### Basis of audit opinion

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 non-statutory financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the non-statutory 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 non-statutory 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 non-statutory financial statements.

#### Opinion

In our opinion the non-statutory financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 March 2007 and of its profit for the year then ended.

  
PricewaterhouseCoopers LLP  
Chartered Accountants  
London

17 January 2008

**Stores Overseas Limited**  
**Profit and loss account**  
**for the 52 weeks ended 24 March 2007**

		2007 £'000	2006 £'000
	Note		
Interest receivable and similar income	4	5,575	1,982
<b>Operating profit</b>		<b>5,575</b>	<b>1,982</b>
Loss on sale of fixed asset investment	7	(1,882)	-
Income from fixed asset investment	5	44,665	44,665
<b>Profit on ordinary activities before taxation</b>		<b>48,358</b>	<b>46,647</b>
Tax on profit on ordinary activities	6	-	(600)
<b>Profit for the financial period</b>		<b>48,358</b>	<b>46,047</b>

All the activities of the Company are continuing

**Stores Overseas Limited**  
**Statement of total recognised gains and losses**  
**for the 52 weeks ended 24 March 2007**

		2007 £'000	2006 £'000
	Note		
Loss for the financial period		48,358	46,047
<b>Total recognised gains and losses for the year</b>		<b>48,358</b>	<b>46,047</b>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents

**Stores Overseas Limited**  
**Balance sheet**  
**as at 24 March 2007 and 25 March 2006**

	Note	2007 £'000	2006 £'000
<b>Fixed Assets</b>			
Investments	7	-	915,000
<b>Current assets</b>			
Debtors	8	1,033,437	70,079
Creditors amounts falling due within one year	9	(600)	(600)
<b>Net assets</b>		<b>1,032,837</b>	<b>984,479</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,088	1,088
Share premium account	12	915,912	915,912
Profit and loss account	11	115,837	67,479
<b>Total shareholders' funds</b>	12	<b>1,032,837</b>	<b>984,479</b>

The non-statutory financial statements on pages 4 to 9 were approved by the Board of Directors on 16 January 2008 and are signed on its behalf by



**Director**

For and on behalf of  
Sainsburys Corporate Director Limited

**Stores Overseas Limited**  
**Notes to the Financial Statements**  
**for the 52 weeks ended 24 March 2007**

**1. Accounting Policies**

**a) Basis of financial statements**

The financial statements are not prepared under section 226 of the Companies Act 1985. The financial statements have been prepared on the historical cost basis, solely for management purposes. The directors have prepared these non-statutory financial statements to support the tax return made to HM Customs and Revenue. The financial statements have been drawn up under UKGAAP.

**b) Cash flow and related party disclosures**

The Company is a wholly-owned subsidiary of the ultimate holding company, J Sainsbury plc and is included in the consolidated financial statements of J Sainsbury plc, which are publicly available. Consequently, advantage has been taken of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

**c) Financial instruments**

*Loans receivable*

Interest income is recognised as it becomes receivable. Loans receivables are reviewed for impairment at each balance sheet date or when events indicate that the carrying value is not recoverable.

*Loans payable*

Interest is accrued as it becomes payable.

**d) Investments in subsidiaries undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

**e) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable 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 to equity, in which case the deferred tax is also dealt with in equity.

**2 Auditors' remuneration**

Any expenses incurred, including auditors' remuneration, have been borne by the ultimate parent undertaking, J Sainsbury plc.

**Stores Overseas Limited**  
**Notes to the Financial Statements (continued)**  
**for the 52 weeks ended 24 March 2007**

**3. Employees and Directors' remuneration**

The average monthly number of persons (including Executive Directors) employed by the Company during the period was nil (2006 nil)

All of the Directors are also Directors or employees of the parent company J Sainsbury plc, and in some cases are directors of other Group undertakings. For those Directors who are also directors of J Sainsbury plc their emoluments are borne by J Sainsbury plc. However, the Directors do not believe it is possible to meaningfully allocate these emoluments between their respective duties. The emoluments of those Directors who are directors of the parent Company are disclosed in the financial statements of J Sainsbury plc. The Directors do not receive any remuneration from the Company.

**4. Interest receivable and similar income**

	2007 £'000	2006 £'000
Interest receivable from Group undertakings	5,575	1,982

**5. Income from fixed asset investment**

For the periods ended 24 March 2007 and 25 March 2006 dividends received were from J Sainsbury (Jersey) Limited

**6. Tax on profit on ordinary activities**

	2007 £'000	2006 £'000
The tax charge based on the profit for the year is		
UK corporation tax	-	600
Tax on profit on ordinary activities	-	600

**A reconciliation of the standard tax rate to the effective rate is as follows:**

	2007 %	2006 %
Standard tax rate	30.0	30.0
Effect of prior year adjustment	0.00	0.02
Non-taxable dividend income	(27.71)	(28.73)
Expenses not deductible for tax purposes	1.17	0.00
Group relief received for nil consideration	(3.46)	0.00
Effective tax rate	0.00	1.29

On 21 March 2007, the Chancellor announced that with effect from 1 April 2008 the standard rate of UK Corporation tax will reduce from 30 per cent to 28 per cent. The effect of this change is immaterial.



**Stores Overseas Limited**  
**Notes to the Financial Statements (continued)**  
**for the 52 weeks ended 24 March 2007**

**7. Investments**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Shares in subsidiaries</b>		
Beginning of year	915,000	915,000
Repurchase of preference shares	(915,000)	-
<b>Opening and Closing balance</b>	<b>-</b>	<b>915,000</b>

During the year, J Sainsbury (Jersey) Limited repurchased 100% of their redeemable reference shares held by the Company for £913,117,500 resulting in a loss on disposal of £1,882,500

**8. Debtors**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Loans due from Group undertakings	1,033,437	70,079

Amounts due from the parent Company are at floating base rates of interest on a commercial basis and are repayable on demand. There is no security held against these loans.

**9. Creditors**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Amounts due to Group undertakings	5	5
Corporation tax payable	595	595
	<b>600</b>	<b>600</b>

Amounts due to Group entities are non-interest bearing and are repayable on demand.

**10. Called up share capital**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Authorised</b>		
2,000,000 class A ordinary shares of £1 each	2,000	2,000
8,780,000 class B ordinary shares of £0.01 each	88	88
	<b>2,088</b>	<b>2,088</b>
<b>Allotted and fully paid</b>		
1,000,000 class A ordinary shares of £1 each	1,000	1,000
8,780,000 class B ordinary shares of £0.01 each	88	88
	<b>1,088</b>	<b>1,088</b>

Class A shares are ordinary shares with voting rights and class B shares are ordinary shares with no voting rights. All classes of shares receive the distribution of dividends equally.

**Stores Overseas Limited**  
**Notes to the Financial Statements (continued)**  
**for the 52 weeks ended 24 March 2007**

**11. Profit and Loss Account**

	2007	2006
	£'000	£'000
Opening balance	67,479	21,432
Retained profit for the financial period	48,358	46,047
<b>Closing balance</b>	<b>115,837</b>	<b>67,479</b>

**12. Reconciliation of movements in equity**

	Share capital	Share premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 26 March 2006	1,088	915,912	67,479	984,479
Profit for the financial period	-	-	48,358	48,358
<b>Closing shareholders' funds</b>	<b>1,088</b>	<b>915,912</b>	<b>115,837</b>	<b>1,032,837</b>

**13 Ultimate parent undertaking and controlling party**

The parent undertaking and controlling party of the Company is J Sainsbury plc, which is registered in England and Wales and forms the only Group into which the financial statements of the Company are consolidated. Copies of the parent undertaking's financial statements may be obtained from [www.j-sainsbury.co.uk](http://www.j-sainsbury.co.uk)