

Aberness Limited

**Financial Statements
For the 53 Weeks Ended 2 May 2009**

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Aberness Limited

Company Information

Registered Office

c/o Dickson Minto WS
16 Charlotte Square
Midlothian
Edinburgh
EH2 4DF

Directors

W H M Robson
S Humes
T Hurrell

Solicitors

Addleshaw Goddard
150 Aldersgate Street
London
EC1A 4EJ

Auditors

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

Aberness Limited

Directors' Report

The Directors present the annual report and financial statements for the period to 2 May 2009.

The current financial period is 53 weeks to 2 May 2009 and the comparative period is 52 weeks to 26 April 2008.

Principal Activity

In the prior period the principal activity of the Company was food retail. The principal activity of the Company during the current period was as a property holding company.

Ultimate Parent Undertaking

On 3 April 2008, as part of a group re-organisation the Company's ultimate parent undertaking, Violet Equityco Limited, became a 100% owned subsidiary of Violet Holdings Limited.

On 27 February 2009 Co-operative Ventures Limited, acquired all the issued share capital of Violet Holdings Limited. The Company's ultimate parent undertaking is The Co-operative Group Limited.

Results and Dividends

During the period the Company made a profit after tax of £82,000 (2008: profit of £53,000). The Directors do not recommend the payment of a dividend (2008: £nil). The Directors consider that the performance of the Company has been satisfactory during the period.

Review of the Business

The Company is a subsidiary of Violet Holdings Limited. A detailed review of the group's business, future developments, principal risks and uncertainties, employees and the environment is made in the financial statements of Violet Holdings Limited.

For the period ended 2 May 2009 all turnover and trading costs for the stores owned by Aberness Limited have been included in the statutory profit and loss account of Somerfield Stores Limited, the main trading subsidiary of the Violet Holdings Limited group. For the period ended 2 May 2009 the Company now receives rental income from Somerfield Stores Limited to reflect the use of the Company's assets by this fellow subsidiary. The prior year results include the trading results of the stores owned by the Company.

Directors and Directors' Interests

The Directors of the Company during the period were:

W H M Robson	Appointed 24 February 2009
T Hurrell	Appointed 27 February 2009
S Humes	Appointed 27 February 2009
J B Cleland	Resigned 27 May 2009
P Mason	Resigned 27 February 2009
D G T Cheyne	Resigned 27 February 2009
C G Smith	Resigned 27 February 2009

Directors' Report (continued)

Directors' Statement as to Disclosure of Information to Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Directors' Responsibilities

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 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 judgments 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;
- 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.

Auditors

The Directors elected to appoint Ernst & Young LLP as auditors during the period. Following the acquisition of the Company by the Co-operative Group Limited, Ernst & Young LLP will resign from office. Resolutions concerning the appointment of KPMG Audit plc as auditors of the Company will be proposed at a forthcoming meeting of the Board of Directors.

By order of the Board



W H M Robson
Director
21 September 2009

Independent Auditors' Report to the Members of Aberness Limited

We have audited the Company financial statements of Aberness Limited for the 53 weeks ended 2 May 2009, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on 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 May 2009 and of its profit for 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Ernst & Young LLP

Steve Bagworth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Birmingham

22 September 2009

Aberness Limited

Profit & Loss Account For the period ended 2 May 2009

	Note	2009 £000	2008 £000
Turnover		79	12,946
Cost of sales		-	(12,273)
Gross profit		79	673
Distribution costs		-	(646)
Administrative expenses		(417)	(216)
Exceptional administrative expenses	3	(328)	-
Operating loss	2	(666)	(189)
Loss on disposal of fixed assets		-	(480)
Loss on ordinary activities before interest and taxation		(666)	(669)
Interest payable and similar charges	6	-	(1)
Interest receivable and similar income	7	748	723
Profit before taxation		82	53
Taxation	8	-	-
Profit for the financial year	16	82	53

All of the above relates to continuing activities.

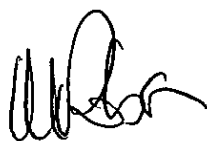
The Company has no recognised gains and losses other than the profit for the period.

Aberness Limited

Balance Sheet As at 2 May 2009

	Note	2 May 2009 £000	26 April 2008 £000
Fixed assets			
Tangible assets	9	-	338
Investments	10	-	80
		-	418
Current assets			
Stock	11	-	395
Debtors	12	11,565	10,644
Cash at bank and in hand		-	84
		11,565	11,123
Creditors: amounts falling due within one year	13	(29)	(7)
Net current assets		11,536	11,116
Total assets less current liabilities		11,536	11,534
Creditors: amounts falling due after more than one year	14	-	(80)
Net assets		11,536	11,454
Capital and reserves			
Called up share capital	15	149	149
Share premium account	16	854	854
Profit and loss account	16	10,533	10,451
Shareholders' funds	16	11,536	11,454

Approved by the Board



W H M Robson
Director
21 September 2009

Notes to the Financial Statements

As at 2 May 2009

1. Statement of accounting policies

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention and comply with all UK applicable accounting and financial reporting standards and the reporting requirements of the Companies Act 2006.

The financial statements have been prepared on the going concern basis as the Company has obtained an undertaking from a fellow group company to provide financial support for at least 12 months from the date the financial statements are signed.

The current financial period is 53 weeks to 2 May 2009 and the comparative period is 52 weeks to 26 April 2008.

Cash flow statement

The Company has taken advantage of the exemption allowed under FRS 1 "Cash Flow Statements" not to include a cash flow statement on the basis that it is a wholly owned subsidiary within the Violet Holdings Limited group. The group produces consolidated financial statements that include a consolidated cash flow statement that is publicly available for viewing. A copy of the financial statements can be obtained from the Company Secretary at Somerfield House, Whitchurch Lane, Bristol, BS14 0TJ.

Turnover

In the prior period turnover was recognised when the significant risks and rewards of products and services had been passed to the buyer and could be measured reliably. Turnover for the prior period is shown net of value added tax, discounts and vouchers. Only the commission earned on sales associated with retail partners and agencies is recognised within turnover.

In the current period turnover comprises rents receivable and is shown net of value added tax. It has been generated from the Company's principal activity based solely in the United Kingdom.

Cost of sales

In the prior period cost of sales represents all costs incurred to the point of sale, including warehousing, distribution, direct marketing and store operating costs.

Interest

Interest receivable is recognised in the Profit and Loss Account as it accrues using the effective interest rate method. Interest payable is charged to the Profit and Loss Account as it accrues using the effective interest rate method.

Interest is credited/charged on intercompany debtor/creditor balances except where a company or limited liability partnership has net liabilities, in which case no interest receivable/payable is recognised.

Notes to the Financial Statements (continued)

As at 2 May 2009

1. Statement of accounting policies (continued)

Fixed assets and depreciation

Fixed assets are stated at cost or valuation, as appropriate, less accumulated depreciation. Depreciation is provided on a straight-line basis at rates, which reduce the costs of assets to their estimated residual value at the end of their economic useful lives as follows:

Freehold buildings and long leasehold land and buildings	Over 40 years
Short leasehold interests in property (unexpired lease term less than 50 years)	Over term of lease

Freehold land is not depreciated

Rates of depreciation are reviewed regularly in the light of experience.

Impairment of fixed assets and goodwill

Fixed assets and goodwill are subject to review for impairment in accordance with FRS 11 "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the Profit and Loss Account in the year in which it arises.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the Profit and Loss Account because it excludes items of income or expense that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is defined as purchase price calculated after deduction of rebates and discounts while net realisable value is determined with reference to the market value of the stocks at the Balance Sheet date.

Lease commitments

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Aberness Limited

Notes to the Financial Statements (continued)

As at 2 May 2009

2. Operating loss

Operating loss has been arrived at after charging:

	2009 £000	2008 £000
Depreciation of :		
- owned assets	10	7
Operating lease rentals	230	303

The fees in respect of the Company's statutory audit have been paid by another group company.

3. Exceptional Items

Exceptional items have been (charged)/credited to the Profit and Loss Account as follows:

	2009 £000	2008 £000
Impairments	(328)	-

This cost relates to the impairment of freehold and long leasehold properties (note 9).

4. Staff costs

	2009 £000	2008 £000
Wages and salaries	-	1,537
Social security costs	-	73
Other pension costs	-	4
	-	1,614

The average number of employees during the period was nil (2008: 140).

5. Directors' emoluments

There were no emoluments paid or payable to the Directors for services to the Company, by the Company during the period ended 2 May 2009 (2008: £nil).

6. Interest payable and similar charges

	2009 £000	2008 £000
Interest payable on finance leases	-	1

Aberness Limited

Notes to the Financial Statements (continued)

As at 2 May 2009

7. Interest receivable and similar income

	2009	2008
	£000	£000
Interest receivable on intercompany loans	748	723

8. Taxation

	2009	2008
	£000	£000
Current tax – UK Corporation tax	-	-

Factors affecting the tax charge for the period

The tax assessed for the period can be reconciled to the expected tax charge as follows:

	2009	2008
	£000	£000
Profit on ordinary activities before taxation	82	53
Profit on ordinary activities multiplied by a rate of 28% (2008: 29.8%)	23	16
The effects of:		
Accounting depreciation and impairments not deductible	94	(6)
Disposal of fixed assets not taxable	-	143
Group relief not paid for	(117)	(153)
	-	-

The UK Corporation tax charge of 29.8% for the prior year is based on the standard rate of 30% to 31 March 2008 and 28% from 1 April 2008.

Aberness Limited

Notes to the Financial Statements (continued)

As at 2 May 2009

9. Tangible fixed assets

	Freehold, Land & Buildings £000	Total £000
Cost:		
At 26 April 2008	348	348
At 2 May 2009	348	348
Depreciation:		
At 26 April 2008	10	10
Charge for the period	10	10
Impairment	328	328
At 2 May 2009	348	348
Net Book value		
At 26 April 2008	338	338
At 2 May 2009	-	-

A review of the carrying value of property for potential impairments is conducted in accordance with FRS 11, "Impairment of Fixed Assets and Goodwill". Future cash flows attributable to assets are discounted over their remaining lives at a discount rate of 8.5% and any impairment is recognised in the Profit and Loss Account in the year in which it arises. As a result impairments totalling £328,000 million (2008: £nil) have been recognised at the Balance Sheet date.

10. Investments

	Subsidiary undertakings £000
At 26 April 2008	80
Disposals	(80)
At 2 May 2009	-

Aberness Limited

Notes to the Financial Statements (continued)

As at 2 May 2009

11. Stock

	2 May 2009 £000	26 April 2008 £000
Goods for resale	-	395

12. Debtors

	2 May 2009 £000	26 April 2008 £000
Amounts owed by group undertakings	11,531	10,589
Prepayments	34	53
Other debtors	-	2
	11,565	10,644

13. Creditors: amounts falling due within one year

	2 May 2009 £000	26 April 2008 £000
Accruals and deferred income	26	7
Other creditors	3	-
	29	7

14. Creditors: amounts falling due after more than one year

	2 May 2009 £000	26 April 2008 £000
Amounts owed to group undertakings	-	80

Aberness Limited

Notes to the Financial Statements (continued)

As at 2 May 2009

15. Authorised and issued share capital

Authorised	Number	£
At 26 April 2008 and 2 May 2009		
Ordinary shares of 25p each	600,000	150,000

Allotted, Called up and fully paid	Number	£
At 26 April 2008 and 2 May 2009		
Ordinary shares of 25p each	594,750	148,687

16. Reconciliation of movements in shareholders' funds

	Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total £000
At 28 April 2007	149	854	10,398	11,401
Profit for the period	-	-	53	53
At 26 April 2008	149	854	10,451	11,454
Profit for the period	-	-	82	82
At 2 May 2009	149	854	10,533	11,536

17. Obligations under operating leases

	2 May 2009 £000	26 April 2008 £000
Annual commitment under non-cancellable operating lease agreements for land and building expiring:		
Beyond five years	243	305
	243	305

Notes to the Financial Statements (continued)

As at 2 May 2009

18. Related parties

As the Company is a wholly owned subsidiary undertaking, it has taken advantage of the exemption permitted by FRS 8 ("Related Party Disclosures") and not disclosed details of transactions with other group undertakings.

19. Parent undertakings

The Company's immediate parent undertaking is Somerfield Stores Limited, a company registered in England and Wales. In the period to 27 February 2009 the Company's ultimate parent undertaking and controlling party was Violet Holdings Limited. On 27 February 2009 Violet Holdings Limited was acquired by Co-operative Ventures Limited at which point the Company's ultimate parent undertaking and controlling party became The Co-operative Group Limited.

The largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is that headed by The Co-operative Group Limited, an Industrial and Provident Society domiciled in England and Wales. A copy of the financial statements can be obtained from the Company Secretary at the Society's registered office, New Century House, Manchester M60 4ES.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is that headed by Violet Holdings Limited. A copy of the group's financial Statements can be obtained from the Company Secretary at Somerfield House, Whitchurch Lane, Bristol, BS14 0TJ.