Morrison(Wm.)Supermarkets PLC
20 October 2005

Wm. Morrison Supermarkets plc

Interim UK Gaap results and trading update
25 weeks to 24 July 2005

Operational Summary

- Store conversion process will complete by end of 2005
- Optimisation of the new business now the priority, full details of optimisation plan to be presented in March 2006
- Good progress on corporate governance

Financial Summary

- Total turnover £5,853.7m, up 4.7%
- Operating profit, pre exceptionals £50.7m (2004: £168.9m)
- Exceptional items £118.8m (2004: £21.8m)
- Loss before tax £73.7m (2004: profit of £121.6m)
- Net debt at 24 July 2005 £1,120.1m (2004: £1,609.7m)
- Operating cash flow £326.6m, down 2%
- Interim dividend maintained at 0.625p per share
- Like-for-like sales up 5.4% (1.7% excluding fuel) in last 12 weeks

Commenting on the results, Sir Ken Morrison, Chairman, said:

'The conversion of Safeway stores to Morrisons, and disposal of those that do not fit our operating model, has continued at pace. Converted stores saw a 23% increase in customers, emphasising the strength of Morrisons service and value. Optimising our performance in the newly converted stores and throughout the business will provide real opportunities for material improvement.'

Enquiries

Morrisons 0207 638 9571
Sir Ken Morrison, Bob Stott, Richard Pennycook

Morrisons Press Office 01274 356804
Gillian Hall

Citigate Dewe Rogerson 0207 638 9571
Jonathan Clare, Simon Rigby, Sarah Gestetner, Anthony Kennaway

Interim statement

This statement covers trading in the 25 weeks to 24 July 2005, with results presented under UK GAAP in accordance with the accounting policies as disclosed in our statutory accounts for the 52 weeks ended 30 January 2005. A further report, converting the results to international financial reporting standards, will be issued on 17 November 2005.

25 Weeks to 24 July 2005

The Group continues to move towards its chosen business model of operating large supermarkets under the Morrisons brand name. The process of converting Safeway stores to Morrisons, and disposing of those that do not fit the model, has continued at pace.

The Group began the period with 498 stores, 190 of which traded as Morrisons. Two new stores were opened, at Hamilton and Auchinlea, and 88 were converted from Safeway to Morrisons. A further 67 Safeway stores were divested, to leave the Group at the end of the period with 433 stores, of which 280 traded as Morrisons.

Total turnover, excluding VAT, was £5,854m, a year on year increase of 4.7%. The result included a full 25 weeks trading from Safeway, whereas the previous year's result contained only the 20 weeks post acquisition. As a result of divestments 442 stores on average were traded in the period compared with an average estate of 602 in the prior year (both figures excluding the BP joint venture). Additionally, approximately 50 store weeks were lost as a result of closures whilst conversion activity took place.

Inevitably, in a period of great change, the underlying trading picture has been difficult to read. The business has been impacted by the forced divestment of 52 stores required by the OFT as part of its clearance for the acquisition of Safeway, the further divestment of 129 stores that did not fit the Morrisons model and the unavoidable disruption to trading caused by the stores conversion programme. In addition, the market backdrop has been exceptionally competitive. Despite these factors, total like for like sales were up 5% year on year, or 2.6% excluding fuel. Morrison's success over many years has been driven by high footfall in the stores, and it is pleasing to report that stores converted to Morrisons saw a 23% increase in customer numbers post conversion.

Operating profit before exceptional items was £50.7m, compared to £168.9m in the prior year. Margins were 24.4%, down by 0.4%, reflecting both the full effect of moving premium priced Safeway stores to Morrisons value and the impact of strong, lower margin, fuel sales. Staff costs rose by 0.5% of sales and overheads by 1.2% as the costs of integrating the two businesses were felt.

Exceptional costs were £118.8m, compared with £21.8m in the prior year. The largest component was the conversion costs of stores - rebranding, and refurbishing Safeway stores and retraining staff to apply Morrisons service standards.

Cash flow was strong, with the result that the Group operated with much reduced net debt in the period, with closing debt of £1,120m compared with £1,610m a year previously. The reduction reflects proceeds from the store disposal programme, which more than offset the investment requirements associated with the conversion of stores to Morrisons. As a result, net interest payable was £17.9m compared with £29.1m in the previous year.

The Board has maintained the interim dividend at 0.625p per share, and this will be paid on 5 December 2005 to shareholders on the register on 28 October 2005.

Conversion process

Progress towards conversion in the first half confirmed that our ambitious goal of presenting a single face of Morrisons to the customer by the end of calendar 2005 would be attained. The store conversion process, running at four stores per week, is an exacting task for our teams - it is much more fundamental than 'rebadging'. Store conversion entails training all store staff in Morrisons standards and processes, refurbishing and catching up on deferred routine maintenance, implementing the Morrisons electronic point of sale and back office systems, changing all point of sale signage and promotional literature, rebranding the store fascia and switching distribution and replenishment into the Morrisons network.

The conversion teams have been performing sterling work, and it is clear from the uplift in customer numbers immediately after conversion that the Morrisons format is being well received. It is equally clear that the process of perfecting our game in these stores is only now beginning. The Morrisons culture, developed successfully over many years prior to the acquisition, has now to be rooted in the new, bigger business. As the conversion phase ends, this optimisation phase will begin, and this represents the challenge for all areas of the business in 2006/07 and 2007/08.

The process of store disposals has been equally intense - with 67 stores disposed of in the period realising £154m, bringing to 181 the number of disposals made since the acquisition in March 2004. In each case, in order to maximise proceeds, a full competitive process has been undertaken. Approximately £2.1bn of annual turnover has been divested, and we remain on track to realise over £1.3bn from this process and to make associated savings on rents.

As the business settles towards the new model, with approximately 360 large stores all branded Morrisons, the process of optimising the supply chain and support functions can begin. We are in consultation with the distribution workforce about the necessary network rationalisation to support the new business model, and this may lead to the closure of a number of depots. The new regional distribution facility at Kettering opens this month. Safeway's previous head office in Hayes, will close by the financial year end. We are also consulting with 230 staff in the Safeway shared service centre in South Shields, which we anticipate will be much reduced in size. Our new head office in Bradford remains on track to open in the Spring of 2006, and will bring together approximately 1,500 staff currently sited in three separate locations.

The period since the acquisition of Safeway in March 2004 has been one of intense operational activity, and has put colleagues across the business under significant pressure. They have risen to the challenge, and we are most grateful to them. They can be proud to have won the Grocer Gold Awards for Best Customer Service and Product Availability at a time when there was great scope for distraction.

For the 37 week period to 16 October 2005, sales per square foot are cumulative £18.20. This breaks down as follows: for those 35 stores in the second year of conversion, cumulative sales per square foot are £19.53 and for those 161 stores converted for less than a year, cumulative sales per square foot are £18.11.

Board

At the time of the AGM statement on 26 May 2005 we confirmed the appointment of Richard Pennycook as Group Finance Director, and he took up his post on 1 October. We also undertook to appoint a further four independent non Executive directors to support David Jones, the Deputy Chairman, and to provide balance and strength to the Board. The appointments of Brian Flanagan, Paul Manduca, Susan Murray and Nigel Robertson have previously been announced. Their induction into the business is proceeding well, and they have all begun to contribute positively to the workings of the Board.

Looking further ahead to the next three to five years, and in order for us to have sufficient time to make an appropriate appointment, the search for a new Chief Executive Officer is commencing. Bob Stott will remain in post until the succession issue is determined and handover can be smoothly and efficiently dealt with. Due consideration will be given to both internal and external candidates.

During the period the Board agreed terms of reference for its operation, and for the Audit, Remuneration and Nominations Committees. The Chairmanships and memberships of these Committees were also agreed, and we can confirm that Paul Manduca will chair the Audit Committee and Susan Murray the Remuneration Committee.

The immediate task for the Board will be to oversee and approve a medium term 'optimisation plan' for the business, as the conversion process completes, in order to provide clear goals for extracting maximum value from the Safeway acquisition. Richard Pennycook will lead this process, and the plan will be approved by the Board ahead of the preliminary results in March 2006, when further details will be provided.

Trading update for 12 weeks to 16 October 2005

Since 24 July 2005 a further 48 stores have converted from Safeway to Morrisons and 31 stores have been divested.

Like for like sales for the continuing business increased by 5.4%, or 1.7% excluding fuel.

Stores now converted to Morrisons (from Safeway) saw like for like sales for the period post conversion increase by 13.7%, or 11.0% excluding fuel. The commensurate increase in customer numbers was 14.2%.

Continuing Safeway stores awaiting conversion saw like for like sales increase by 4.7%, or 2.8% excluding fuel.

Like for like sales in the core Morrisons estate decreased by 0.6% and excluding fuel were down 5.2%. This continues to be driven by the one-time impact of divesting large stores to competitors as required by the OFT, creating some cannibalisation of core stores', turnover as neighbouring Safeways convert to Morrisons.

Outlook

As previously reported, the Board commissioned KPMG to assist in the review of the Group's financial forecasting procedures. Based on the completion of this work the Board confirms that its previous profit guidance for 2005/06 remains appropriate, albeit with an expectation that profit before tax, exceptional items and goodwill will be towards the lower end of the range.

We remain confident that the optimisation process will deliver significant financial benefit. It is clear that perfecting our game in the newly converted stores, being able to focus again on our core business, rationalising the supply chain and bringing head office together in one place will provide real opportunities for material improvement.

20 October 2005

Wm. MORRISON SUPERMARKETS PLC
ANNOUNCEMENT
RELEASED THURSDAY 20 OCTOBER 2005

CONSOLIDATED UK GAAP PROFIT AND LOSS ACCOUNT FOR THE
25 WEEKS ENDED 24 JULY 2005

	Note	25 weeks ended 24 July 2005 £m	25 week ende 25 Jul 200 £
Turnover including BP joint venture	2	5,920.1	5,669.
Less share of BP joint venture turnover		(66.4)	(78.9
Group turnover		5,853.7	5,590.
Group operating profit pre exceptional costs	3	50.7	168.
Exceptional operating costs	4	(118.8)	(21.8
Group operating profit/(loss)		(68.1)	147.
BP - share of joint venture operating profit		2.9	1.
Total operating profit/(loss)		(65.2)	148.
Profit on divestment of assets	5	2.5	4.
Amortisation of negative goodwill		8.3	
Net interest payable	6	(17.9)	(29.1

Other finance costs	7	(1.4)	(2.1
Profit/(loss) before taxation		(73.7)	121.
Taxation	8	14.1	(56.5
Profit/(loss) for the financial period		(59.6)	65.
Dividends		(15.8)	(16.2
Profit/(loss) retained		(75.4)	48.
Dividend per ordinary share	9	0.625p	0.625
Basic earnings per share	10	(2.26p)	2.68
Diluted earnings per share	10	(2.25p)	2.66

CONSOLIDATED UK GAAP BALANCE SHEET

	Note	At 24 July 2005 £m	A 25 Jul 200 £
Tangible fixed assets			
- at cost		8,048.4	8,246.
- accumulated depreciation		(1,081.7)	(784.1
- at written down value	11	6,966.7	7,461.
Negative goodwill	12	(294.2)	(287.2
Share of net assets in BP joint venture	13	-	65.
Current assets	14	796.5	1,005.
Current liabilities	15	(2,027.2)	(2,692.1

Total assets less current liabilities		5,441.8	5,553.
Creditors - amounts falling due after more than one year	16	(986.7)	(994.9
Provisions for liabilities and charges	17	(258.4)	(338.1
Net assets - excluding pension liability		4,196.7	4,220.
Pension liability	18	(207.0)	(166.2
Net assets - including pension liability		3,989.7	4,054.
Called up share capital			
Equity & non equity	19	266.3	266.
Share premium account	19	20.6	16.
Merger reserve	19	2,578.3	2,578.
Investment in own shares	19	(40.7)	(40.8
Profit and loss account	20	1,165.2	1,233.
Shareholders' funds	21	3,989.7	4,054.
NB			
Net current liabilities (current assets less current liabilities)		(1,230.7)	(1,686.6

CONSOLIDATED UK GAAP CASH FLOW STATEMENT

	Note	25 weeks ended 24 July 2005	25 weeks ended 25 July 2004

	Note	£m	£m
Cash inflow from operating activities	22	326.6	332.4
Net cash outflow for returns on investments and servicing of finance	23	(11.3)	(15.5)
Taxation paid	24	(4.3)	(90.2)
Capital expenditure	25	(338.2)	(212.8)
Divestment proceeds		109.8	209.9
Safeway acquisition		-	(820.4)
Sale of subsidiary undertakings		49.1	-
Dividends paid	26	(81.2)	(71.2)
Cash inflow/(outflow) before use of liquid resources and financing		50.5	(667.8)
Management of liquid resources	27	(38.6)	(134.3)
Financing - issue of shares	28	0.5	0.4
Disposal of own shares		-	0.9
Increase/(decrease) in debt	29	96.5	848.3
Movement in cash in the period	30	108.9	47.5

Reconciliation of net cash flow to movement in net debt in the period

Increase/(decrease) in cash	108.9	47.5
(Decrease)/increase in debt	(96.5)	(848.3)
Increase/(decrease) in liquid resources	38.6	134.3
Change in net cash/(debt) resulting from cash flows	51.0	(666.5)
On acquisition	-	(1,149.8)
Opening net(debt) / cash	(1,171.1)	206.6
Closing net debt	(1,120.1)	(1,609.7)

-------------   -------------

ANALYSIS OF NET DEBT / CASH

	25 weeks ended 24 July 2005		25 weeks ended 25 July 2004	
	£m	£m	£m	£m
Bonds	(976.2)		(982.0)	
Lease finance	(6.9)		(9.3)	
Loan notes	(3.6)		(3.6)	
Debt due in more than one year		(986.7)		(994.9)
Short term loans	(250.0)		(1,000.0)	
Bank overdrafts & uncleared bank items	(15.7)		(89.9)	
Lease finance	(2.3)		(3.2)	
Debt due in less than one year		(268.0)		(1,093.1)
Gross debt		(1,254.7)		(2,088.0)
Cash in hand		22.3		10.0
Overnight deposits		73.7		113.3
Longer term deposits		38.6		355.0
		(1,120.1)		(1,609.7)
Gross debt as a % of shareholders' funds		31.4		51.5
Net debt as a % of shareholders' funds		28.1		39.7

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	25 weeks ended 24 July 2005 £m	25 25
Profit/(loss) for the financial period	(59.6)	
Actuarial gain/(loss) recognised in the pension scheme	66.2	
Current tax thereon	4.4	
Deferred tax thereon	(24.2)	(
Total recognised gains and (losses) since last annual report	(13.2)	

Notes

1. Results

These results for the 25 weeks ended 24 July 2005 are unaudited and presented under UK GAA accounting policies as disclosed in our statutory accounts for the 52 weeks ended 30 Janua for 2005 have been delivered to the registrar of companies. The auditors have reported o was unqualified and did not contain a statement under section 237(2) or (3) of the Compani results will be issued under International Financial Reporting Standards (IFRS) on 17 Nove

2. Turnover including BP joint venture

The analysis of group turnover is as follows:-

	25 weeks ended 24 July 2005 £m	25 w e 25
Till transaction values		
- Stores	5,559.5	5,3
- Fuel	1,191.1	9
	6,750.6	6,3
Multisave deductions	(411.6)	(35
Supermarket takings	6,339.0	6,0
VAT	(488.9)	(45
Share of BP joint venture turnover	66.4	

Other turnover and adjustments	3.6	
Turnover	5,920.1	5,6

The departmental analysis of the like for like increase/(decrease) in supermarket takings

	25 weeks to 24 July 2005			
	Core Morrison %	Converted stores %	Safeway %	
Food	(2.56)	16.08	2.69	
Off Licence	(0.85)	8.88	4.12	
	(2.35)	14.95	2.91	
Home and leisure	(7.56)	25.75	(11.54)	(
Total excluding forecourt	(2.71)	15.58	2.01	
Forecourt	22.47	16.29	7.60	
Total	1.14	15.73	3.00	

3. Group operating profit pre exceptional costs

	25 weeks ended 24 July 2005 £m	25 we en 25 J 2
Turnover including BP joint venture	5,920.1	5,66
Less share of BP joint venture turnover	(66.4)	(78
Group turnover	5,853.7	5,59
Change in stocks	15.4	(2
Other operating income	3.8	
	5,872.9	5,58
Raw materials and consumables	(4,441.7)	(4,205
Gross operating profit	1,431.2	1,38
Staff costs	(781.2)	(718
Depreciation	(144.2)	(140
Other operating charges	(455.1)	(357
Group operating profit pre exceptional costs	50.7	16

Other operating income comprises	
Profit on sale of tangible fixed assets	(0.2)
Sundry income	4.0

	3.8

Staff costs comprise of

Wages and National Insurance	737.7
Profit related pay	12.0
Pension costs	25.1
Share option costs	5.3
Other staff costs	1.1
	781.2

Margins	25 weeks ended 24 July 2005 %	25 ... 2
Gross operating profit	24.4	
Staff costs	(13.3)	
Depreciation	(2.5)	
Other operating charges	(7.7)	
Group operating profit pre exceptional costs	0.9	

------------ -----

4. Exceptional costs

	25 weeks ended 24 July 2005 £m	25 25
Acquisition costs	-	
Redundancy costs	9.9	
Divestment costs	0.5	
Store conversion costs	90.7	
Fixtures written off on conversion	17.7	
	118.8	

5. Profit on divestment of assets

	25 weeks ended 24 July 2005 £m	25 we en 25 J 2
Proceeds from asset sales	109.8	17
Written down value of assets sold	(67.8)	(88

Profit on original book value	42.0	8
Adjusted against fair value	(39.7)	(80
	2.3	
Accounted for in group operating profit -		
Fixtures, fittings and vehicles	0.2	(0
Profit on divestment assets in period	2.5	

6. Net interest payable

	25 weeks ended 24 July 2005 £m	25 we en 25 J 2
Interest payable on short term loans and bank overdrafts	(5.1)	(16
Bonds	(28.1)	(22
Interest capitalised	6.6	
	(26.6)	(36
Interest receivable on short term deposits	8.7	
	(17.9)	(29

Interest capitalised reflects the cost of financing property developments prior to their o

7. Other finance costs

	25 weeks ended 24 July 2005 £m	25 w e 25
Expected return on pension scheme assets	39.1	
Interest on pension scheme liabilities	(40.5)	(2
	(1.4)	(

8. Taxation

	25 weeks ended 24 July 2005 £m	25 weeks ended 24 July 2005 Effective rate %	25 weeks ended 25 July 2004 £m	25 weeks ended 25 July 2004 Effective rate %	
Current year					
Corporation tax at 30%	-	-	66.8	54.9	1
Deferred tax at 30%	(24.5)	33.2	(11.1)	(9.1)	(2
Current tax on pension scheme	4.4	(6.0)	-	-	
Overseas tax	2.6	(3.5)	0.8	0.7	
Prior years					

- corporation tax	-	-	-	-	
- deferred tax	3.4	(4.6)	-	-	(
	(14.1)	19.1	56.5	46.5	

	%	%
UK standard rate of corporation tax	30.0	30.0
Expenses disallowed	(4.8)	2.2
Non qualifying depreciation/fair value/ profit on disposal	(19.8)	14.9
Capitalised interest deducted for tax purposes	2.7	(0.6)
Other movements	15.6	-
Current year	23.7	46.5
Prior year adjustments	(4.6)	-
	19.1	46.5

9. Dividends

The directors propose to pay an interim dividend of 0.625p per ordinary share. Dividend wa
December 2005 to those members registered in the books of the company on 28 October 2005.

Participants in the dividend reinvestment plan will receive their statements and, if appli
13 December 2005.

10. Earnings per share

Basic
The earnings per share are based on the profit for the financial period.
In the case of basic earnings per share this is reduced by the preference dividend.
The average number of ordinary shares in issue during the period was 2,640,928,000 (2004 2
for own shares held.

Diluted
The earnings per share are based on profit for the financial period.
In the case of diluted earnings per share a presumption is made that share options have be
value.
The average number of ordinary shares in issue (as adjusted during the period) was 2,650,2

(2004 2,446,558,000)

11. Tangible fixed assets at written down value

	At 24 July 2005 £m	25 Ju 20
Opening balance	6,824.0	1,738
Acquired from Safeway at fair value	-	5,813
Additions at cost	365.3	215
Assets acquired as a result of BP dissolution	46.4	

Sale of subsidiaries - Jersey/Guernsey	(23.9)	
Interest capitalised	6.6	2
Proceeds from divestments of assets	(109.8)	(172.
Profit on divestments of assets	2.3	4
Depreciation charged in the period	(144.2)	(140.
	6,966.7	7,461

12. Negative goodwill

	At 24 July 2005 £m
Balance brought forward	262.9
Hindsight adjustments:	
Dissolution of BP joint venture	11.0
Provision movement	2.5
Other movements	26.1
Amortisation	(8.3)
	294.2

13. Share of net assets in BP joint venture

	At 24 July	25 Ju

	2005 £m	20
Acquired at fair value	-	63
Share of BP joint venture profit	-	1
	-	65

14. Current assets

	At 24 July 2005 £m	25 J 2
Stocks - goods for resale	440.0	41
Debtors & prepayments	218.2	11
Deposits - overnight	73.7	11
- longer term	38.6	35
Cash in hand	22.3	1
Corporation tax recoverable	3.7	
	796.5	1,00

15. Current liabilities

	At 24 July 2005 £m	25 Ju 20

Bank overdrafts	0.1	2
Uncleared banking items	15.6	87
Trade creditors	1,629.3	1,457
Provision for debit balances	40.0	
Loans due within one year	250.0	1,000
Interest creditor	30.3	43
Fixed asset creditors	43.0	23
Deposits on divestment stores	-	37
Lease finance	2.3	3
Corporation tax	-	20
Dividends	16.6	16
	2,027.2	2,692

16. Creditors - amounts falling due after more than one year

	At 24 July 2005 £m	25 Ju 20
Bonds	976.2	982
Lease finance	6.9	9
Loan notes	3.6	3
	986.7	994

17. Provisions for liabilities and charges

	At 24 July 2005 £m	25 Ju 20
Deferred taxation	185.6	200
Petrol filling station decommissioning reserve	20.4	23
Onerous contract re leases	52.4	114
	258.4	338

	25 weeks ended 24 July 2005 Deferred Taxation £m	Other £m	Total £m	25 we en 25 J 2
Balance brought forward	206.2	80.3	286.5	5
Acquired at fair value	-	-	-	29
Sale of subsidiaries	0.5	-	0.5	
Utilised in the period	-	(6.4)	(6.4)	(0
Charged in the period	(21.1)	(1.1)	(22.2)	(10
	185.6	72.8	258.4	33

18. Pension liability

	25 weeks ended 24 July 2005			25 we en 25 J 2
	Gross	Deferred Taxation	Net	
	£m	£m	£m	
Balance brought forward	(376.4)	112.9	(263.5)	(47
Acquired at fair value	-	-	-	(160
Movement in the period	80.7	(24.2)	56.5	4
	(295.7)	88.7	(207.0)	(166

19. Share capital and other reserves

	At 24 July 2005 £m	25 J 2
Equity & non equity	266.3	26
Share premium account	20.6	1
Merger reserve	2,578.3	2,57
Investment in own shares	(40.7)	(40

Share Capital

	25 weeks ended 24 July 2005		
	Equity	Non Equity	Share Premium Account
	£m	£m	£m
Opening balance	265.8	0.5	20.1
Shares issued	-	-	0.4
Preference shares converted	0.1	(0.1)	0.1
	265.9	0.4	20.6

Investment in own shares

	25 weeks ended 24 July 20	
	Opening	Closing
	£m	£m
Investment in own shares	40.7	(40.7)

20. Profit and loss account

	At 24 July 2005	25 Ju 20
	£m	
Opening balance	1,193.5	1,142
Retained in the period	(75.4)	48

Share option reserve	0.7	0
Actuarial profit/(loss) on pension scheme	66.2	60
Tax arising on actuarial profit/loss	(19.8)	(18.
	1,165.2	1,233

21. Reconciliation of movements in shareholder's funds

	At 24 July 2005 £m	A 25 Jul 200 £
Opening shareholder's funds	4,017.5	1,317.
Profit/(loss) for the financial period	(59.6)	65.
Dividends payable	(15.8)	(16.2
	3,942.1	1,366.
Other recognised gains and losses	46.4	41.
Investment in own shares	-	(40.8
Share option reserve	0.7	0.
New share capital subscribed	0.5	2,686.
Closing shareholder's funds	3,989.7	4,054.

22. Cash inflow from operating activities

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 week ende 25 Jul 200
	£m	£m	£m	£
(Increase)/decrease in stock	424.6	(440.0)	(15.4)	2.
Decrease/(increase) in debtors	222.6	(218.2)	4.4	(31.0
Increase in creditors	(1,421.6)	1,669.3	247.7	76.
Decrease in operating provisions	(80.3)	72.8	(7.5)	(0.4
	(854.7)	1,083.9	229.2	47.
Group operating profit/(loss)			(68.1)	147.
Depreciation			144.2	140.
Profit on divestment of assets			0.2	(0.2
Provision movement taken to negative goodwill			2.5	
Working capital net of tax on sale of subsidiaries			(1.0)	
Working capital movement on dissolution of joint venture			34.9	
Excess of contributions over pension service cost			(15.9)	(2.1
Share option reserve			0.6	0.
			326.6	332.

23. Returns on investments and servicing of finance

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 week ende 25 Jul 200
	£m	£m	£m	£
Interest creditor	(17.1)	30.3	13.2	16.
Interest paid			(33.2)	(38.9
Interest received			8.7	7.
			(11.3)	(15.5

24. Taxation

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 w e 25
	£m	£m	£m	
Corporation tax	(0.5)	(3.7)		
Deferred tax	(206.2)	185.6		
	(206.7)	181.9	(24.8)	(3
Charged in period			14.1	(5
Current tax on pension liability			4.4	
Tax credit disposed on sale of subsidiaries			2.0	
			(4.3)	(9

25. Capital expenditure

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 week ende 25 Jul 200
	£m	£m	£m	£
Creditor	(15.9)	43.0	27.1	2.
Additions			(365.3)	(215.3
			(338.2)	(212.8

26. Dividends paid

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 week ende 25 Jul 200
	£m	£m	£m	£
Creditor	(82.0)	16.6	(65.4)	(55.0
Charged in period			(15.8)	(16.2
			(81.2)	(71.2

27. Management of liquid resources

	25 weeks ended 24 July 2005 Opening	Closing	Movement	25 week ende 25 Jul 200
		£m	£m	£
(Increase)/decrease in longer term deposits	0.0	(38.6)	(38.6)	(134.3

28. Financing - issue of shares

	25 weeks Ended 24 July 2005 £m	25 wee end 25 Ju 20
New share capital subscribed	0.5	2,686
Less created to acquire Safeway	-	(2,686.
	0.5	0

29. Increase/(decrease) in debt

25 weeks ended 24 July 2005 2

	Opening	Closing	Movement	
	£m	£m	£m	
Bonds	(978.2)	976.2	(2.0)	
Lease finance	(10.7)	9.2	(1.5)	
Loan notes	(3.6)	3.6	-	
Short term loans	(150.0)	250.0	100.0	
	(1,142.5)	1,239.0	96.5	

30. Movement in cash

	25 weeks ended 24 July 2005			25 week
	Opening	Closing	Movement	ende 25 Jul 200
	£m	£m	£m	£
Bank overdrafts	9.4	(0.1)	9.3	(2.2
Uncleared banking items	112.7	(15.6)	97.1	21.
Cash	(20.4)	22.3	1.9	1.
Deposits - overnight	(73.1)	73.7	0.6	27.
	28.6	80.3	108.9	47.

31 Dissolution of BP Joint Venture

	At 24 July 2005 £m
Investment brought forward	67.4
Profit in the period	2.9
Release of fair value provision	11.0
	81.3
Cash drawings	(34.9)
Assets acquired as part of dissolution	(46.4)
	-