

Anchor Developments Limited

Annual report and accounts
for the period ended 7 March 2004

Registered number 158323



LIST OF CONTENTS

	<u>Page</u>
Directors and Administration	1
Report of the Directors	2
Directors' Responsibilities	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Accounts	8

DIRECTORS AND ADMINISTRATION

Country of Registration	Scotland
Registered Number	158323
Registered Office	152 Bath Street, Glasgow, G2 4TB.
Directors	Safeway Limited Wm Morrison Supermarkets PLC
Company Secretary	J.J. Burke
Solicitors	Gordons

REPORT OF THE DIRECTORS

FOR THE 49 WEEK PERIOD ENDED 7 MARCH 2004

The directors present their annual report on the affairs of the Company together with the accounts for the 49 week period ended 7 March 2004.

Principal activity

In the opinion of the directors, the Company is a property investment company.

Results and dividends

The accounts for period ended 7 March 2004 are set out on pages 6 to 9. The profit for the financial period was £Nil (2003 - £Nil).

The directors do not recommend the payment of a final dividend in respect of the period ended 7 March 2004 (2003 - £Nil).

Directors

The directors who served during the period were as follows:-

M.E. Collins
G. Ellis
F. Garcia-Valencia
S.T. Laffin

On 8 March 2004 S.T. Laffin resigned as a director of the Company.

On 11 March 2004 Safeway plc and Wm Morrison Supermarkets PLC were appointed directors of the Company. On the same date Messrs M.E. Collins, G. Ellis, and F. Garcia-Valencia resigned as directors of the Company.

On 8 May 2004 Safeway plc was re-registered as a private company.

Directors' interests

The Company is a wholly-owned subsidiary of Safeway Limited and consequently none of the directors who held office at the period end have any interest in the shares of the Company.

The following directors who were not also directors of the Company's ultimate holding company at 7 March 2004 had the following interests in the ordinary 25p shares of Safeway Limited at the end of the period as indicated below:-

	<u>7 March 2004</u>		<u>29 March 2003</u>	
	<u>Shares</u>	<u>Share options</u>	<u>Shares</u>	<u>Share options</u>
M.E. Collins	22,207	55,500	12,224	159,579
G. Ellis	26,741	50,000	7,855	151,475
F. Garcia-Valencia	-	-	-	149,000

REPORT OF THE DIRECTORS (Continued)

At the year end Mr. S.T. Laffin was a director of Safeway Limited and his interests in the shares of Safeway Limited are disclosed in the accounts of that company.

Share options granted to and exercised by directors during the period, together with those lapsing during the period, are set out below:-

	<u>Granted</u>	<u>Exercised</u>	<u>Lapsed</u>
M.E. Collins	-	102,196	1,883
G. Ellis	-	101,475	-
F.Garcia-Valencia	-	149,000	-

All outstanding Safeway Executive Share Option Scheme options have lapsed and are no longer exercisable

The share options referred to above relate to options granted under the Safeway Executive Share Option Scheme and/or The Safeway Sharesave Scheme and enable the option holder to subscribe for ordinary 25p shares of Safeway Limited. Details of options outstanding at 7 March 2004 are:-

<u>Date of Grant</u>	<u>Subscription price</u>	<u>Last date when options exercisable</u>
19 December 1995	308.00p	18 December 2005
9 December 1996	375.50p	8 December 2006
21 November 1997	318.75p	20 November 2007
23 June 1999	204.00p	28 February 2005
28 June 2000	197.00p	28 February 2006
27 June 2001	296.00p	28 February 2007
22 November 2001	328.50p	21 November 2011
26 June 2002	222.00p	29 February 2008

With effect from 5 April 2004, all outstanding Safeway Executive Share Option Scheme options have lapsed and are no longer exercisable.

At no time during the period or subsequently did any director have a material interest in any contract or arrangement with the Company which was significant in relation to the Company's business.

Post balance sheet event

On 8 March 2004 the company's ultimate holding company was acquired by Wm Morrison Supermarkets PLC. Following the Company's acquisition, various commercial practices have changed, to bring them in line with those of Wm Morrison Supermarkets PLC. This has not impacted upon the accounts of the company, although there has been a significant effect upon the group financial statements. Further information about the acquisition is discussed in more detail in the ultimate holding company accounts.

REPORT OF THE DIRECTORS (Continued)

The previous Directors introduced, one month prior to the effective takeover date, a new fully integrated accounting system. A number of installation problems arose which the current Directors inherited on acquisition. The Directors have had to face the double task of attempting to stabilise this new system and integrating the results with the established systems of Wm Morrison Supermarkets PLC.

Anchor Developments Limited,
152 Bath Street,
Glasgow,
G2 4TB.

BY ORDER OF THE BOARD
J.J. Burke
Secretary



13 December 2004

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;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * 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 have general responsibility for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

PROFIT AND LOSS ACCOUNT

FOR THE 49 WEEK PERIOD ENDED 7 MARCH 2004

The Company did not trade during the financial period and the preceding financial period.

The Company did not earn income nor incur expenditure during these periods.

Consequently the Company made neither a profit nor a loss during the financial period and the preceding financial period.

BALANCE SHEET AT 7 MARCH 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
TANGIBLE FIXED ASSETS			
Freehold property	2	502,500	502,500
CURRENT ASSET			
Amount due from group undertaking	3	<u>2</u>	<u>2</u>
NET ASSETS		<u>502,502</u>	<u>502,502</u>
CAPITAL AND RESERVES			
Called-up share capital	4	2	2
Revaluation reserve		502,500	502,500
Profit and loss account		<u>-</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS		<u>502,502</u>	<u>502,502</u>

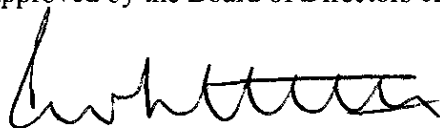
For the period ended 7 March 2004 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

- (a) Ensuring the company keeps accounting records which comply with section 221;
- (b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, as far as applicable to the company.

Approved by the Board of Directors on 13 December 2004 and signed on its behalf by:



For and on behalf of Safeway Limited



For and on behalf of Wm Morrison Supermarkets PLC

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified to include the revaluation of fixed assets, and in accordance with applicable accounting standards. These accounts are for the 49 week period to 7 March 2004 compared with the 52 week period to 29 March 2003.

Tangible fixed assets

Freehold development land was originally stated at directors' valuation, which was retained as deemed cost under the transitional rules of FRS 15 and is not depreciated.

2. FREEHOLD PROPERTY

The Company owns land which has been valued by the directors based on the future development use.

3. AMOUNT DUE FROM GROUP UNDERTAKING

The amount due from group undertaking is non interest bearing.

4. CALLED-UP SHARE CAPITAL

	<u>2004 and 2003</u>	
	<u>Authorised</u>	<u>Allotted, called-up and fully paid</u>
	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>5,000,000</u>	<u>2</u>

5. CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS

Under the provisions of Financial Reporting Standard No.1 (Revised), 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.

Under the provisions of Financial Reporting Standard No.8, the Company has not disclosed details of inter-group transactions because its ultimate holding company has prepared consolidated accounts which include the Company and are available to the public.

6. ULTIMATE HOLDING COMPANY

At 7 March the company's ultimate holding company was Safeway plc which headed the largest group in which the accounts were consolidated. The smallest group in which the accounts were consolidated was headed by Safeway Stores plc. Both of these consolidated sets of accounts are available to the public and may be obtained from their registered office at 6 Millington Road, Hayes, Middlesex, UB3 4AY. On 8 March 2004 the entire issued share capital of Safeway plc was acquired by Wm Morrison Supermarkets PLC. On 18 May 2004 Safeway plc and Safeway Stores plc were re-registered as private companies.