

Anchor Developments Limited

**Annual report and accounts
for the year ended 1 April 2000**

Registered number 158323



SCT SCN10VON 1258
COMPANIES HOUSE 24/10/00

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DIRECTORS AND ADMINISTRATION

Country of Registration	Scotland
Registered Number	158323
Registered Office	152 Bath Street, Glasgow, G2 4TB.
Directors	G. Ellis J.P. Kinch S.P. Lane R.G. Williams
Company Secretary	J.P. Kinch
Solicitors	Clifford Chance
Auditors	Arthur Andersen

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 1 APRIL 2000

The directors present their annual report on the affairs of the company together with the audited accounts for the year ended 1 April 2000.

Principal activity

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

Results and dividends

The audited accounts for year ended 1 April 2000 are set out on pages 7 to 9. The profit for the financial year was £Nil (1999 - £Nil).

The directors do not recommend the payment of a final dividend in respect of the year ended 1 April 2000 (1999 - £Nil).

Directors

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

G.P.J. Dudley	resigned 8 December 1999
G. Ellis	
J.P. Kinch	
S.P. Lane	appointed 8 December 1999
G. Wotherspoon*	

* Subsequent to the year end, Mr G. Wotherspoon resigned as director of the company on 8 May 2000. Mr.R.G.Williams was appointed as a director of the company on the same date.

Directors' interests

The company is a wholly-owned subsidiary of Safeway plc and consequently none of the directors 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 1 April 2000 had the following interests in the ordinary 25p shares of Safeway plc at the end of the year as indicated below:-

	<u>1 April 2000</u>		<u>3 April 1999</u>	
	<u>Shares</u>	<u>Share options</u>	<u>Shares</u>	<u>Share options</u>
J.P. Kinch	113,852	316,553	112,979	216,553
G. Ellis	2,250	153,873	2,126	103,053
S.P. Lane	-	126,363	-	76,363 *

* At date of appointment

REPORT OF THE DIRECTORS (Continued)

At the year end Mr.G.Wotherspoon was a director of Safeway plc and his interests in the shares of Safeway plc are disclosed in the accounts of that company.

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

	<u>Granted</u>	<u>Exercised</u>
J.P. Kinch	100,000	-
G. Ellis	50,000	-
S.P. Lane	50,000	-

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 plc. Details of options currently outstanding are:-

<u>Date of Grant</u>	<u>Subscription price</u>	<u>Exercise Period</u>		
29 November 1990	234.63p	29 November 1993	to	28 November 2000
23 December 1991	272.00p	23 December 1994	to	22 December 2001
26 November 1992	363.00p	26 November 1995	to	25 November 2002
15 July 1993	264.00p	1 September 1998	to	31 August 1999
6 December 1993	255.00p	6 December 1996	to	5 December 2003
23 June 1994	194.00p	1 September 1999	to	29 February 2000
13 December 1994	237.00p	13 December 1997	to	12 December 2004
15 June 1995	260.00p	1 September 2000	to	28 February 2001
19 December 1995	308.00p	19 December 1998	to	18 December 2005
29 July 1996	271.00p	1 September 2001	to	28 February 2002
9 December 1996	375.50p	9 December 1999	to	8 December 2006
26 June 1997	286.00p	1 September 2002	to	28 February 2003
21 November 1997	318.75p	21 November 2000	to	20 November 2007
25 June 1998	307.00p	1 September 2003	to	29 February 2004
8 December 1998	283.00p	8 December 2001	to	7 December 2008
23 June 1999	204.00p	1 September 2004	to	28 February 2005
17 August 1999	233.50p	17 August 2004	to	16 August 2009
29 November 1999	182.75p	29 November 2004	to	28 November 2009

Executive scheme options granted prior to 19 December 1995 are all available for exercise as all relevant performance criteria have been met.

Executive scheme options granted on and since 19 December 1995 will become exercisable normally only when the earnings per share growth of the ultimate holding company, over a three year period, has exceeded the increase in the Retail Prices Index over that same three year period by an average of at least 2% per annum.


At no time during the year 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.

REPORT OF THE DIRECTORS (Continued)

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.

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



BY ORDER OF THE BOARD
J.P. Kinch
Secretary

29 June 2000

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 those 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 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' REPORT

To the shareholder of Anchor Developments Limited:

We have audited the accounts on pages 7 to 9 which have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 5, the directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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 adequacy 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 2000 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

29 June 2000

BALANCE SHEET AT 1 APRIL 2000


	<u>Notes</u>	<u>2000</u> £	<u>1999</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	5	502,500	502,500
Profit and loss account		<u>-</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS		<u>502,502</u>	<u>502,502</u>

The company did not trade during the financial year and the preceding financial year.

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 year and the preceding financial year.

Approved by the Board of Directors on 29 June 2000.


S.P. LANE) DIRECTORS
J.P. KINCH)

The accompanying notes and statement of accounting policies form an integral part of this balance sheet.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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 52 weeks to 1 April 2000 compared with the 53 weeks to 3 April 1999.

Tangible fixed assets

Freehold development land is held at valuation and is not depreciated.

2. FREEHOLD PROPERTY

The company owns land which has been valued by the directors during the year 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>2000 and 1999</u>	
	<u>Authorised</u>	<u>Allotted,</u>
	<u>£</u>	<u>called-up</u>
		<u>and fully paid</u>
		<u>£</u>
Ordinary shares of £1 each	<u>5,000,000</u>	<u>2</u>

5. REVALUATION RESERVE

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
At beginning of year	502,500	-
Surplus on revaluation during the year	<u>-</u>	<u>502,500</u>
At end of year	<u>502,500</u>	<u>502,500</u>

6. 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.

7. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Safeway plc, which heads the largest group in which the accounts are consolidated. The smallest group in which the accounts are consolidated is 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.