

Anchor Developments Limited

Annual report and accounts
for the year ended 30 March 2002

Registered number 158323



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DIRECTORS AND ADMINISTRATION

Country of Registration	Scotland
Registered Number	158323
Registered Office	152 Bath Street, Glasgow, G2 4TB.
Directors	M.E. Collins G. Ellis F. Garcia-Valencia S.T. Laffin R.G. Williams D. Wilson
Company Secretary	J.M. Sadler
Solicitors	Clifford Chance
Auditors	KPMG Audit Plc

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 MARCH 2002

The directors present their annual report on the affairs of the company together with the audited accounts for the year ended 30 March 2002.

Principal activity

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

Results and dividends

The audited accounts for year ended 30 March 2002 are set out on pages 7 and 8. The profit for the financial year was £Nil (2001 - £Nil).

The directors do not recommend the payment of a final dividend in respect of the year ended 30 March 2002 (2001 - £Nil).

Directors

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

M.E. Collins	- appointed 15 February 2002
G. Ellis	
F. Garcia-Valencia	- appointed 25 March 2002
J.P. Kinch	- resigned 13 October 2001
S.T. Laffin	
S.P. Lane	- resigned 15 February 2002
R.G. Williams	
D. Wilson	- appointed 13 October 2001

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 30 March 2002 had the following interests in the ordinary 25p shares of Safeway plc at the end of the year as indicated below:-

	<u>30 March 2002</u>		<u>31 March 2001</u>		
	<u>Shares</u>	<u>Share options</u>	<u>Shares</u>	<u>Share options</u>	
M.E. Collins	7,476	125,248	7,476	125,248	*
G. Ellis	3,268	153,374	2,316	154,326	
F. Garcia-Valencia	-	-	-	-	*
D. Wilson	-	60,000	-	-	*

* At date of appointment

REPORT OF THE DIRECTORS (Continued)

At the year end Mr.S.T.Laffin and Mr.R.G.Williams were directors of Safeway plc and their 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>
M.E. Collins	25,500	-
G. Ellis	-	952
D. Wilson	60,000	-

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>Last date when options exercisable</u>
26 November 1992	363.00p	25 November 2002
6 December 1993	255.00p	5 December 2003
13 December 1994	237.00p	12 December 2004
19 December 1995	308.00p	18 December 2005
9 December 1996	375.50p	8 December 2006
26 June 1997	286.00p	28 February 2003
21 November 1997	318.75p	20 November 2007
25 June 1998	307.00p	29 February 2004
8 December 1998	283.00p	7 December 2008
23 June 1999	204.00p	28 February 2005
17 August 1999	233.50p	16 August 2009
29 November 1999	182.75p	28 November 2009
12 June 2000	246.00p	11 June 2010
28 June 2000	197.00p	28 February 2006
4 January 2001	296.00p	3 January 2011
27 June 2001	296.00p	28 February 2007
22 November 2001	328.50p	21 November 2011

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

During the year Arthur Andersen resigned as the Company's auditors and the directors appointed KPMG Audit Plc to fill the casual vacancy arising. A resolution re-appointing KPMG Audit Plc as auditors for the ensuing year will be placed before the Annual General Meeting. Special notice has been received for this resolution pursuant to section 388 of the Companies Act 1985.

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

BY ORDER OF THE BOARD
J.M. Sadler
Secretary



15 August 2002

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 the group 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 group 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 the group 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 the group and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of Anchor Developments Limited

We have audited the financial statements on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 March 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

KPMG Audit Plc


15 August 2002

BALANCE SHEET AT 30 MARCH 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</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>


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 15 August 2002 and signed on its behalf by:

M.E. COLLINS) DIRECTORS
G. ELLIS)



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 30 March 2002 compared with the 52 weeks to 31 March 2001.

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 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

	2002 and 2001	
	<u>Authorised</u>	<u>Allotted, called-up and fully paid</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

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.