

Company Registration No. 01299733 (England and Wales)

SAFEWAY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

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SAFEWAY LIMITED

COMPANY INFORMATION

Directors	J Burke M Gleeson
Secretary	J Burke
Company number	01299733
Registered office	Hilmore House Gain Lane Bradford West Yorkshire England BD3 7DL
Independent auditor	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds West Yorkshire England LS1 4DL

SAFEWAY LIMITED

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SAFEWAY LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

The Directors present the Strategic report and the Company's audited financial statements for the 52 weeks ended 2 February 2020. These financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The term 'Company' refers to Safeway Limited and the term 'Group' refers to Wm Morrison Supermarkets PLC and its subsidiary undertakings.

Principal activities and future developments

The principal activity of the Company is a holding company.

Results and dividends

The results for the financial period amounted to a profit of £262m during the 52 weeks ended 2 February 2020 (2019: £nil) as the Company received a dividend of £262m (2019: £nil) from Stores Group Limited.

The Directors authorised and paid an interim dividend of £262m (2019: £nil).

As at 2 February 2020 the Company had net assets of £1,654m (2019: £1,654m).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 28 and 29 of the Wm Morrison Supermarkets PLC Annual Report and Financial Statements 2019/20, which does not form part of this report.

Key performance indicators (KPIs)

The KPIs of the Company are integrated with those of the Group and are not managed separately. The KPIs of the Group, which include those of the Company, are disclosed on pages 1, 5, 20, 21 and 22 of the Wm Morrison Supermarkets PLC Annual Report and Financial Statements 2019/20, which does not form part of this report.

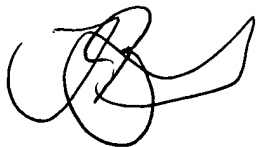
S172 statement

The Board of Directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and having due regard to the requirements of section 172 of the Companies Act 2006, in the decisions taken during the period ended 2 February 2020.

In doing so, the Directors have regard (amongst other matters) to the likely consequences of any decision in the long term; the interests of employees; the need to foster relationships with suppliers, customers and others; the impact of its operations on the community and the environment; the maintaining of a reputation for high standards of business conduct; and the need to act fairly between members of the Company. There were no significant developments during the period ended 2 February 2020 requiring specific consideration of the long-term consequences on stakeholders, of decisions made.

Approval of the Strategic report

The Strategic report was approved by the Board and signed on its behalf by:



J Burke
Director

19 November 2020

SAFWAY LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

The Directors present their annual report and the audited financial statements for the period ended 2 February 2020. These financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The term 'Company' refers to Safeway Limited and the term 'Group' refers to Wm Morrison Supermarkets PLC and its subsidiary undertakings.

Matters discussed in the Strategic report

The Directors have chosen to present certain requirements of the Directors' report within the Strategic report on page 1 of the Annual Report and Financial Statements, including the Company's principal activity, business review and details of proposed dividends.

Directors and their interests

The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

J Burke

T Strain

M Gleeson

(resigned 18 December 2019)

(appointed 18 December 2019)

The Company is ultimately and wholly owned by Wm Morrison Supermarkets PLC and none of the Directors who held office at the period end held any interest in the shares of the Company or its subsidiaries. The interest in the shares of the ultimate parent undertaking held by Directors of that Company is disclosed in the Wm Morrison Supermarkets PLC Annual Report and Financial Statements 2019/20, which does not form part of this report.

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

Directors' and Officers' liability insurance

The Group maintains insurance cover for the protection of Directors and senior management from personal liabilities and costs which may arise in the course of fulfilling their duties. This insurance was in force during the 52 weeks ended 2 February 2020 and to the date of approval of the Company's financial statements.

Going concern

The Directors' assessment of the Company's ability to continue as a going concern as set out in note 1 of these financial statements, has taken into consideration the effect that the current economic climate has on the Group and any implications this may have on the Company.

The Company is a subsidiary undertaking of Wm Morrison Supermarkets PLC. The Company has obtained a letter of support from Wm Morrison Supermarkets PLC that confirms financial support will be provided where required, for the foreseeable future and at least twelve months from the date of signing the financial statements and, in particular, it will not demand repayment of any amounts currently outstanding. Based on the Directors' assessment, these financial statements have been prepared on a going concern basis.

Internal control

The Board is responsible for the system of internal control within the Company and for reviewing its effectiveness. The control system is intended to manage rather than eliminate the risk of not meeting the Company's strategic objectives. Any such system can only provide reasonable, not absolute, assurance against material misstatement or loss.

SAFEWAY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

Relationships with Customers

The Company is focussed on maintaining its relationships with its existing customer base, whilst attracting new customers in what is a highly competitive market. This is achieved through a relentless drive to improve the shopping trip by listening and responding to customers, providing them what they want, when they want it. This includes investments in price and customer experience, and offering local solutions to customers. The Company is a wholly owned subsidiary of Wm Morrison Supermarkets PLC and as such, is aligned to the priorities and ways of working of the Group. For more information on how the Company and Group engage with its customers see the "Our Customers" section of the Group's Annual Report and Financial Statements which do not form part of this report.

Employees interests

The Company recognises the importance of having engaged and motivated colleagues, that share in the success of the business and receive a fair day's pay for a fair day's work. The Company's comprehensive employment policies cover recruitment, selection, retention, remuneration, education, development and equality.

Employee engagement

Employees have their say on what matters to them through monthly 'Your say' forums and the annual 'Your Say' survey. They are kept as fully informed as possible about the activities of the business, through internal publications, communications programmes, notice boards, briefings and local, regional and national consultative committees. The Company recognises a number of trade unions and has a partnership agreement with USDAW.

The Company encourages employee involvement in the financial performance of the business through participation in either the Morrisons Group profit share scheme, management bonus plan or the savings related share option schemes.

Equal opportunity

Equal opportunities are offered to all regardless of race, colour, nationality, religion, sex, marital status, disability or age. All applicants and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and practices. All decisions are based on merit. Reasonable adjustments will be made to accommodate those with special needs. Under no circumstances will discrimination against any individual or group be tolerated. All employees have access to confidential counselling provided by trained counsellors as part of our special complaints procedure and occupational health team.

The Company is conscious of its responsibility to society and to the local community in particular and we aim to provide employment opportunities which are compatible with work and family responsibilities. Management is required to apply all of the Company's policies fully and diligently to ensure that the highest standards are maintained.

For more information of how the Company looks to operate in the best interests of its employees, see the "Our Colleagues" section of the Group's Annual Report and Financial Statements which do not form part of this report.

Relationships with suppliers

The Company looks to foster strong and lasting relationships with its suppliers, based on mutual respect and benefit. As such, the Directors consider it appropriate to operate in accordance with Group policies, which are described in the Group's Annual Report and Financial Statements which do not form part of this report. These policies look to ensure that the Company is working closely with its suppliers, listening and responding to them, paying them on time, simplifying terms and adhering to ways of working that comply with the Groceries Supply Code of Practice.

Investor

The Company is a wholly owned subsidiary of Wm Morrison Supermarkets PLC, providing a largely aligned service offer (albeit regionally relevant) to the UK food retail market. As such, there exists an effective balance of integration, governance and communication between the Company and Group, to ensure the Company is strategically aligned to the Morrisons brand and priorities.

SAFEWAY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

Political donations

There were no political donations for the period (2019: none) and the Company did not incur any political expenditure (2019: £nil).

Community and environment

The Company recognises the importance of its social and environmental responsibilities. As such, the Directors consider it appropriate to operate in accordance with Group policies, which are described in the Group's Annual Report and Financial Statements which do not form part of this report. These policies look to monitor the Group's impact on the environment and minimise any damage that might be caused by the impact of business activities. Initiatives designed to minimise the Group's impact on the environment include recycling and reducing energy consumption.

Financial risk management

The financial risk management and policies of the Company are consistent with those of the Group. For further details, see pages 113 and 114 of the Wm Morrison Supermarkets PLC Annual Report and Financial Statements 2019/20, which does not form part of this report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

SAFEWAY LIMITED

DIRECTORS' REPORT (CONTINUED)

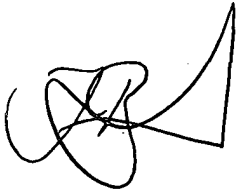
FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

Statement of disclosure to auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Burke', written over a horizontal line.

J Burke
Director

19 November 2020

SAFEWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFEWAY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Safeway Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 February 2020 and of its profit for the 52 week period (the 'period') then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the balance sheet as at 2 February 2020; the income statement and the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this is not a guarantee as to the Company's ability to continue as going concern.

SAFWAY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SAFWAY LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 2 February 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

SAFEWAY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF SAFEWAY LIMITED

Use of this report

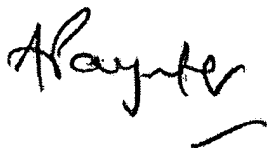
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exception to report arising from this responsibility.



Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
19 November 2020

SAFEWAY LIMITED

INCOME STATEMENT

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

		52 Weeks ended 2 February 2020 £m	52 Weeks ended 3 February 2019 £m
	Note		
Income from shares in Group undertakings		262	-
		<hr/>	<hr/>
Profit/result on ordinary activities before taxation	3	262	-
Tax on profit/result on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit/result for the financial period		262	-
		<hr/>	<hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

There were no amounts recognised in other comprehensive income other than those included in the income statement.

The notes on pages 12 to 19 form part of these financial statements.

SAFEWAY LIMITED

BALANCE SHEET

AS AT 2 FEBRUARY 2020

	Note	2020 £m	2019 £m
Fixed assets			
Investments	6	1,211	1,211
Current assets			
Debtors	8	1,597	1,597
Creditors: amounts falling due within one year	9	(1,154)	(1,154)
Net current assets		443	443
Net assets		1,654	1,654
Shareholders' equity			
Called-up share capital	10	270	270
Share premium account	11	742	742
Capital redemption reserve	12	31	31
Merger reserve	12	572	572
Retained earnings	12	39	39
Total shareholders' funds		1,654	1,654

The notes on pages 12 to 19 form part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors and authorised for issue on 19 November 2020 and are signed on its behalf by:



M Gleeson
Director

Company Registration No. 01299733

SAFEWAY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

		Called up share capital	Share premium account	Capital redemption reserve and merger reserve	Retained earnings	Total shareholders' funds
	Note	£m	£m	£m	£m	£m
Balance at 5 February 2018 and 3 February 2019		270	742	603	39	1,654
Profit for the financial period		-	-	-	262	262
Dividends	5	-	-	-	(262)	(262)
Balance at 2 February 2020		<u>270</u>	<u>742</u>	<u>603</u>	<u>39</u>	<u>1,654</u>

The notes on pages 12 to 19 form part of these financial statements.

SAFeway LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

1 Accounting policies

Company information

Safeway Limited is a private company, limited by shares, which is incorporated and domiciled in the United Kingdom under the Companies Act 2006 (Registration number 01299733). The address of its registered office is Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL, United Kingdom.

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 ('the Act') as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101 as it is a member of a Group which prepares publicly available consolidated financial statements and it is included in the consolidation for the Group.

Going concern

These financial statements, which have been prepared on a going concern basis, under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom, are presented as required by the Companies Act.

The Directors' assessment of the Company's ability to continue as a going concern has taken into consideration the effect that the current economic climate has on the Group and any implications this may have on the Company. The assessment specifically considered the impact that Covid-19 has had on the Group during the period since the reporting date and the ongoing economic uncertainty that exists, as set out in the Group's interim financial results for the 26 weeks ended 2 August 2020.

Whilst the pandemic has had a temporary impact on the Group's performance during the period through to the approval of these financial statements, the Group has continued to trade strongly, maintains a robust financial position providing it with sufficient access to liquidity to meet its needs in the short and medium-term, and has modelled its ability to absorb a number of more extreme downside scenarios than those experienced. Considering the nature of the Company's principal activities in the context of the Group, the Directors conclude that the Covid-19 pandemic does not present a significant risk to the going concern of the Company.

Further to this, the Company has obtained a letter of support from Wm Morrison Supermarkets PLC that confirms financial support will be provided where required, for the foreseeable future and at least twelve months from the date of signing the financial statements and, in particular, it will not demand repayment of any amounts currently outstanding.

Based on the Directors' assessment above these financial statements have been prepared on a going concern basis.

SAFEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

1 Accounting policies

(Continued)

Basis of preparation (continued)

Disclosure exemptions

The disclosure exemptions adopted by the Company in preparation of these financial statements in accordance with FRS 101 are as follows:

- a) IAS 1, 'Presentation of financial statements' (paragraph 38) – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- b) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows);
 - (ii) 111 (cash flow statement information); and
 - (iii) 134-136 (capital management disclosures);
- c) IAS 7, 'Statement of cash flows';
- d) IAS 8 'Accounting policies, changes in accounting estimates and errors' (paragraph 30 and 31) – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- e) The following requirements of IAS 24, 'Related party disclosures':
 - (i) paragraph 17 – key management compensation; and
 - (ii) the requirements to disclose related party transactions entered into with two or more wholly owned members of a group; and
- f) IFRS 7 'Financial Instruments: Disclosures'.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group. For further details, see pages 83 and 84 of the Wm Morrison Supermarkets PLC Annual Report and Financial Statements 2019/20, which does not form part of this report. The Directors do not expect Covid-19 to have a material impact on the judgements and estimates impacting the balance sheet as at 2 February 2020.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

SAFEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

1 Accounting policies

(Continued)

New accounting standards, amendments and interpretations adopted by the Company

The following new standards, interpretations and amendments to standards are mandatory for the Company for the first time for the 52 weeks ended 2 February 2020:

- IFRS 16 'Leases'; and
- IFRIC 23 'Uncertainty over Income Tax Treatments'

Amendments to the following standards:

- IAS 19 'Employee Benefits';
- IAS 28 'Investments in Associates';
- IFRS 9 'Financial Instruments'; and
- Improvements to IFRSs (2015-2017)

The Company has considered the above new standards, and amendments to published standards, and has concluded that they are either not relevant to the Company or they do not have a significant impact on the Company's financial statements.

Accounting reference date

The accounting period of the Company ends on the Sunday falling between 29 January and 4 February each year.

Current taxation

The current income tax charge is calculated on the basis of the tax laws in effect during the period and any adjustments to tax payable in respect of previous periods. Taxable profit differs from the reported profit for the period as it is adjusted both for items that will never be taxable or deductible, and temporary differences. Current tax is charged to profit or loss for the period, except when it relates to items charged or credited directly in other comprehensive income or equity, in which case the current tax is reflected in other comprehensive income or equity as appropriate.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

All other equity instruments are held for long term investment and are measured at fair value, where the fair value can be measured reliably. Gains or losses arising from changes in the fair value are presented in the income statement within finance income or expenses in the period they arise.

Impairment losses or reversals of previous impairment losses are presented in the profit and loss account in the period they arise.

Amounts owed to/by Group undertakings

Amounts owed to/by Group undertakings are initially recorded at fair value, which is generally the proceeds received. They are subsequently carried at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

SAFEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

2 Employees and Directors

There are no employees of the Company (2019: none).

The emoluments of the Directors' are paid by Wm Morrison Supermarkets PLC which makes no recharge to the Company. It is not possible to make an accurate apportionment of the emoluments of the Directors' between Wm Morrison Supermarkets PLC and fellow subsidiaries. Accordingly, the above details include no emoluments in respect of Directors.

The Directors are also Directors of the ultimate parent company, Wm Morrison Supermarkets PLC. Details of the emoluments and accrued benefits under the defined benefit pension schemes that the Directors received for the 52 weeks ending 2 February 2020 are disclosed in the Annual Report and Financial Statements 2019/20 of that Company.

3 Profit/result on ordinary activities before taxation

During the 52 weeks ended 2 February 2020, the Company received a dividend of £262m (2019: £nil) from Stores Group Limited.

Audit fees and expenses were paid by the ultimate parent company. Fees paid were £1,000 (2019: £1,000) in relation to audit services. There are no fees in relation to non-audit services (2019: £nil).

4 Tax on profit/result on ordinary activities

There was no corporation tax payable or receivable in the 52 weeks ended 2 February 2020 (2019: £nil).

The tax for the current period is different to (2019: equal to) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £m	2019 £m
Profit/result before taxation	262	-
Expected tax charge based on a corporation tax rate of 19% (2019: 19%)	50	-
Income not taxable	(50)	-
Total tax charge for the period	-	-

Factors affecting current and future tax charges

Legislation to reduce the standard rate of corporation tax to 17% from 1 April 2020 was included in Finance Act 2016 and was enacted in a previous period. The March 2020 Budget cancelled the planned reduction to 17% so the UK statutory tax rate will remain at 19% from 1 April 2020.

SAFEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

5 Dividends

Amounts recognised as distributions to equity holders in the period:

	2020 £m	2019 £m
Interim dividend for the period ended 2 February 2020 of 24 pence per share (2019: £nil)	262	-

6 Investments

	Investment in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total 2020 £m	Total 2019 £m
Cost and net book amount	61	1,150	1,211	1,211

A list of the Company's related undertakings are shown in note 7.

The Directors believe that the carrying value of investments is supported by their underlying net assets.

7 Related undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings including the country of incorporation, the principal activity and the effective percentage of equity owned as at 2 February 2020 is disclosed below. The registered address of all undertakings is Hilmore House, Gain Lane, Bradford, West Yorkshire, United Kingdom, BD3 7DL unless otherwise stated.

Name of undertaking	Registered office	Holding (%)	Principal activity
Alliance Property Holdings Limited	United Kingdom	100.00	Dormant
Amos Hinton and Sons Limited	United Kingdom	100.00	Dormant
Argyle Securities Limited*	United Kingdom	100.00	Dormant
Cordon Bleu Freezer Food Centres Limited	United Kingdom	100.00	Dormant
English Real Estates Limited	United Kingdom	100.00	Dormant**
Evermere Limited	United Kingdom	100.00	Dormant
Federated Properties Limited	United Kingdom	100.00	Dormant
Freehold Investments Limited***	Jersey	100.00	Property investment
J3 Property Limited*	United Kingdom	100.00	Dormant
Lease Securities Limited***	Jersey	100.00	Property management
Maypole Limited****	Guernsey	100.00	Investment company*****
Oldwest Limited*	United Kingdom	100.00	Dormant
Presto Stores (LC) Limited	United Kingdom	100.00	Dormant
Presto Stores Limited	United Kingdom	100.00	Dormant

SAFeway LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

7 Related undertakings (Continued)

Safeway Development Limited	United Kingdom	100.00	Dormant
Safeway Food Stores Limited	United Kingdom	100.00	Dormant
Safeway (Overseas) Limited	United Kingdom	100.00	Grocery retailer (overseas)
Safeway Pension Trustees Limited	United Kingdom	100.00	Dormant
Safeway Pension Trustees Company Limited	United Kingdom	100.00	Dormant
Safeway Properties Limited	United Kingdom	100.00	Property investment
Safeway Stores (Gibraltar) Pension Trustees Limited*****	Gibraltar	50.00	Dormant
Safeway Stores (Ireland) Limited	United Kingdom	100.00	Dormant
Safeway Stores Limited**	United Kingdom	100.00	Grocery retailer
Stalwart Investments Limited***	Jersey	100.00	Property investment
The Medical Hall Limited*****	Gibraltar	100.00	Pharmaceutical licence holder (Gibraltar)
Velligrist Limited	United Kingdom	100.00	Dormant
Stores Group Limited	United Kingdom	100.00	Investment company
Argyll Foods Limited	United Kingdom	100.00	Dormant
Argyll Stores (Holdings) Limited	United Kingdom	100.00	Dormant
The Home & Colonial Stores Limited	United Kingdom	100.00	Dormant
Safeway QUEST Trustees Limited	United Kingdom	100.00	Dormant

* Registered address Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX

** Neerock Limited, a subsidiary of the Morrisons Group, owns one share in this entity

*** Registered address Lime Grove House, Green Street, St Helier, Jersey, JE1 2ST

**** Registered address 1st and 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW

***** Wm Morrison Supermarkets PLC, a subsidiary of the Morrisons Group, owns one share in this entity

***** Registered address Suites 41/42 Victoria House, 26 Main Street, Gibraltar

***** Registered address 1st Floor, 5 Secretary's Lane, Gibraltar, GX11 1AA

SAFEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

8 Debtors

	2020 £m	2019 £m
Amounts owed by Group undertakings	1,597	1,597

Amounts owed by Group undertakings are non-interest bearing and unsecured and are repayable on demand.

Provisions for impairment of amounts owed by Group undertakings have been assessed on lifetime expected credit losses. As all balances are repayable on demand, and the Company expects to be able to recover the outstanding intercompany balances if demanded, no provision has been recognised in the 52 weeks ended 2 February 2020 (2019: £nil).

9 Creditors: amounts falling due within one year

	2020 £m	2019 £m
Amounts owed to Group undertakings	1,154	1,154

Amounts owed to Group undertakings are non-interest-bearing, unsecured and are repayable on demand.

10 Called-up share capital

	2020 £m	2019 £m
1,078,771,771 of 25p each (2019: 1,078,771,771)	270	270

All issued shares are fully paid.

SAFeway LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 2 FEBRUARY 2020

11	Share premium account	2020	2019
		£m	£m
	At 3 February 2019 and 2 February 2020	742	742
		<u>742</u>	<u>742</u>
12	Reserves	2020	2019
		£m	£m
	Capital redemption reserve	31	31
	Merger reserve	572	572
	Retained earnings	39	39
		<u>642</u>	<u>642</u>

Capital redemption reserve

In July 1996, 60 million ordinary shares with a nominal value of £15.0 million were repurchased and subsequently cancelled by the Group. During May and June 1999, a further 62.5 million ordinary shares with a nominal value of £15.6 million were repurchased and subsequently cancelled by the Group. In each case, an amount equal to the nominal value of the shares repurchased has been transferred to this reserve in order to maintain the capital base of the Group.

Merger reserve

This represents the reserve in the Company's balance sheet arising on the acquisition in 1987 of Safeway Food Stores Limited, a subsidiary of Safeway Incorporated (USA). In the opinion of the Directors, this reserve is not distributable and accordingly it will be carried forward as a capital reserve.

13 Post balance sheet event

Impact of the Covid-19 pandemic

The Covid-19 outbreak was largely confined to China as at the 2 February 2020, but developed quickly in the weeks following this. On 11 March the World Health Organisation declared the virus a pandemic, and from 16 March the UK Government announced social distancing measures which impacted day-to-day life, with additional, stay at home measures being enforced later. As the subsequent impact on the UK was not apparent at the balance sheet date it has been concluded this represents a non-adjusting post balance sheet event. The Directors have reassessed the position as at the date of signing these financial statements and there is no change in view regarding the pandemic being considered a non-adjusting event.

14 Ultimate holding company

The Company's immediate parent undertaking is Wm Morrison Supermarkets Holdings Limited. The ultimate parent undertaking and controlling party is Wm Morrison Supermarkets PLC. The smallest and largest group in which these results of the Company are consolidated is Wm Morrison Supermarkets PLC. Wm Morrison Supermarkets PLC is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Wm Morrison Supermarkets PLC are available from:

The Company Secretary
Wm Morrison Supermarkets PLC
Hilmore House
Gain Lane
Bradford
West Yorkshire
BD3 7DL