

Safeway Stores (Ireland) Limited

Annual report and accounts
for the year ended 1 April 2000

Registered number: 3321745



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DIRECTORS AND ADMINISTRATION

Country of Registration	England
Registered Number	3321745
Registered Office	6 Millington Road, Hayes, Middlesex, UB3 4AY.
Directors	S.T. Laffin K.C. McGoran L.J.P. O'Hagan J. MacLachlan D.W. Roxburgh
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 and business review

The principal activity of the company is grocery retailing in Northern Ireland. It is the Board's policy to investigate all opportunities to increase the base of the company's operations.

The company has net liabilities of £23,211,000 as at the balance sheet date. In order to be able to meet its borrowing requirements and other liabilities as they fall due for the foreseeable future, the company has joint use of a £200 million revolving credit facility with its ultimate holding company, Safeway plc. This facility, guaranteed by Safeway plc, expires in September 2002.

The directors are in the process of considering a refinancing strategy.

Results and dividends

The audited accounts for the year ended 1 April 2000 are set out on pages 7 to 17.

The sales and loss on ordinary activities before taxation for the year amounted to £164,432,000 (1999 - £145,722,000) and £18,072,000 (1999 - £19,330,000) respectively.

The loss attributable to ordinary shareholders for the year amounted to £14,211,000 (1999 - £19,330,000).

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:-

S.T.Laffin

G.Wotherspoon*

K.C.McGoran

L.J.P.O'Hagan

J. MacLachlan appointed 8 April 1999

P.J. Dowling resigned 27 July 1999

D.W. Roxburgh appointed 29 July 1999

* Subsequent to the year end, Mr.G.Wotherspoon resigned as a director of the company on 8 May 2000. Mr.L.R.Christensen was then appointed as a director on 31 July 2000.

REPORT OF THE DIRECTORS (Continued)

Directors' interests

The company is a subsidiary of Safeway plc and consequently none of the directors have any interests 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>
K.C.McGoran	-	-	-	-
L.J.P.O'Hagan	-	-	-	-
J. MacLachlan	5,256	220,618	2,652 *	145,618 *
D.W. Roxburgh	-	-	-	-

* At date of appointment.

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

	<u>Granted</u>	<u>Exercised</u>
K.C.McGoran	-	-
L.J.P.O'Hagan	-	-
J. MacLachlan	75,000	-
D.W. Roxburgh	-	-

At the year end Mr.S.T.Laffin and Mr.G.Wotherspoon were directors of Safeway plc and their interests in the shares of Safeway plc are disclosed in the accounts of that company.

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

REPORT OF THE DIRECTORS (Continued)

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.

Employment policies

It is the company's policy to give full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

The health and safety of the company's employees, customers and members of the general public who may be affected by the company's activities is a matter of primary concern. Accordingly, it is the company's policy to manage its activities so as to avoid causing any unnecessary or unacceptable risk to the health and safety of employees and members of the public.

The geographic distribution of the company's operating locations make it difficult but essential to communicate effectively with employees. Communications and consultation within the company's retail activities are principally through the operational structure of store and regional management, with particular use being made of company magazines.

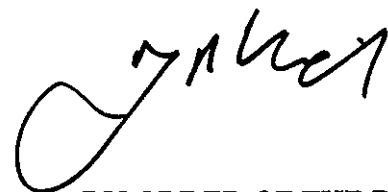
Year 2000

Following the establishment of a comprehensive contingency plan which included working with suppliers to minimise the risk of disruption to supply and service to customers, we are pleased to report that we have to date experienced no significant problems with regard to Year 2000 compliance.

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.

Safeway Stores (Ireland) Limited,
6 Millington Road,
Hayes,
Middlesex,
UB3 4AY.



BY ORDER OF THE BOARD
J.P.Kinch
Secretary

24 January 2001

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 shareholders of Safeway Stores (Ireland) Limited

We have audited the accounts on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 5, the company's 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.

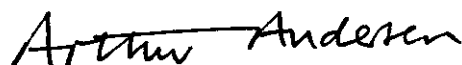
Basis of opinion

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 and of the group, 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 of the company's loss for the year then ended 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

24 January 2001

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 1 APRIL 2000**

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
SALES	1	164,432	145,722
Value added tax		<u>(10,840)</u>	<u>(9,228)</u>
TURNOVER, excluding value added tax		153,592	136,494
Cost of sales		<u>(124,060)</u>	<u>(113,132)</u>
GROSS PROFIT		29,532	23,362
Distribution costs		<u>(31,565)</u>	<u>(30,728)</u>
Administrative expenses		<u>(5,324)</u>	<u>(5,525)</u>
OPERATING LOSS		<u>(7,357)</u>	<u>(12,891)</u>
Net property losses	2	<u>(3,511)</u>	<u>(1,936)</u>
Net interest payable	3	<u>(7,204)</u>	<u>(4,503)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(18,072)</u>	<u>(19,330)</u>
Tax on loss on ordinary activities	6	<u>3,861</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(14,211)</u>	<u>(19,330)</u>
Dividends	7	<u>-</u>	<u>-</u>
RETAINED LOSS FOR THE YEAR		<u>(14,211)</u>	<u>(19,330)</u>
RETAINED LOSS, beginning of year		<u>(29,000)</u>	<u>(9,670)</u>
RETAINED LOSS, end of year		<u><u>(43,211)</u></u>	<u><u>(29,000)</u></u>

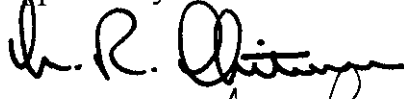

All recognised gains and losses relating to the year and the preceding year arise from continuing operations and are shown in the profit and loss account.

The accompanying notes and statement of accounting policies form an integral part of this profit and loss account.

BALANCE SHEET AT 1 APRIL 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
FIXED ASSETS			
Tangible fixed assets	8	<u>118,677</u>	<u>121,364</u>
CURRENT ASSETS			
Stocks	9	5,515	5,143
Debtors and prepayments	10	<u>2,601</u>	<u>4,054</u>
		8,116	9,197
CREDITORS, due within one year	11	<u>(15,004)</u>	<u>(31,561)</u>
NET CURRENT LIABILITIES		<u>(6,888)</u>	<u>(22,364)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		111,789	99,000
CREDITORS, due after one year	12	<u>(135,000)</u>	<u>(108,000)</u>
NET LIABILITIES		<u>(23,211)</u>	<u>(9,000)</u>
CAPITAL AND RESERVES			
Called-up share capital	13	13,333	13,333
Share premium account	14	6,667	6,667
Profit and loss account		<u>(43,211)</u>	<u>(29,000)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>(23,211)</u>	<u>(9,000)</u>

Approved by the Board of Directors on 24 January 2001.

L.R. CHRISTENSEN) DIRECTORS
D.W. ROXBURGH)

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

STATEMENT OF ACCOUNTING POLICIES

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

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with all applicable accounting standards. These accounts are for the 52 week period to 1 April 2000 compared with the 53 week period to 3 April 1999.

Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and any provision for impairment.

Interest costs relating to the financing of freehold and long leasehold developments are capitalised at the weighted average cost of the related borrowings up to the date of completion of the project.

Freehold land is not depreciated unless, in the opinion of the directors, an impairment has occurred.

Depreciation is provided to write off the cost of other tangible fixed assets over their estimated economic lives on a straight-line basis as follows:-

Freehold and long leasehold buildings	- maximum of 40 years
Short leasehold buildings	- maximum of 40 years or term of lease if less
Plant and equipment	- 4 years to a maximum of 8 years
Motor cars and commercial vehicles	- 4 years to a maximum of 6 years
Computer hardware and software	- 4 years to a maximum of 6 years

In the case of poor performing or proposed replacement stores, provisions for impairment are made in accordance with FRS11 - Impairment of Fixed Assets and Goodwill.

Operating leases

Rentals under operating leases of land and buildings and other assets are charged on a straight-line basis over the lease term to the profit and loss account. Surpluses on sale and operating leaseback of properties are recognised as income in the year of disposal.

Finance leases

Plant, equipment and vehicles which are leased but provide the company with substantially all the benefits and risks of ownership are capitalised as fixed assets at the original cost to the lessor.

STATEMENT OF ACCOUNTING POLICIES (Continued)

Stocks

Stocks comprise finished goods for resale and are stated at the lower of cost and net realisable value. For stocks at retail stores, cost is calculated by reference to selling price less appropriate trading margins.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred taxation is provided, using the liability method, in respect of tax allowances for fixed assets in excess of depreciation provided in the accounts and other timing differences, only to the extent that it is probable that a liability will crystallize.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange current at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Pension scheme contributions

Contributions to the defined benefits pension scheme are charged to the profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over employees' working lives with the company.

Sales

Sales represent proceeds from external customers and are inclusive of excise duty and value added tax.

Cost of sales and distribution costs

Cost of sales represents the purchase cost of goods for resale and includes the cost of transfer to the point of sale.

Distribution costs represent the cost of holding goods at the point of sale, selling costs and the costs of transferring goods to the customer and include store operating expenses.

NOTES TO THE ACCOUNTS

1. TRADING INFORMATION

All contributions to sales and loss on ordinary activities before taxation arose as a result of grocery retailing in Northern Ireland.

2. NET PROPERTY LOSSES

	<u>2000</u> £'000	<u>1999</u> £'000
Losses on property disposals	-	1,936
Provisions for loss on disposal of stores and development sites	<u>3,511</u>	<u>-</u>
	<u>3,511</u>	<u>1,936</u>

3. NET INTEREST PAYABLE

	<u>2000</u> £'000	<u>1999</u> £'000
Short term bank loans and overdrafts repayable within five years	(7,540)	(5,873)
Interest capitalised on freehold and long leasehold developments	<u>336</u>	<u>1,370</u>
	<u>7,204</u>	<u>4,503</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:-

	<u>2000</u> £'000	<u>1999</u> £'000
Depreciation of tangible fixed assets	7,786	3,022
Property rentals under operating leases	860	1,916
Management fee to Fitzwilton Finance (see Note 11)	2,002	2,033
Auditors' remuneration	15	19
Staff costs (Note 3 below)	<u>15,390</u>	<u>14,743</u>

During the year the immediate parent company Safeway Stores plc purchased products on behalf of the company totalling £121,029,000 (1999 - £107,055,000), provided distribution services for a fee of £6,337,000 (1999 - £5,062,000) and provided administrative services for a fee of £3,112,000 (1999 - £2,769,000).

5. STAFF COSTS AND DIRECTORS' EMOLUMENTS

- (a) The average monthly number of persons employed by the company during the year was as follows:-

	<u>2000</u> Number	<u>1999</u> Number
Total employed	1,978	2,040
Full-time equivalent	<u>1,364</u>	<u>1,381</u>

At 1 April 2000, the total number of employees was 2,027 (1999 - 1,977) and the full-time equivalent number was 1,332 (1999 - 1,346).

- (b) Staff costs during the year amounted to:-

	<u>2000</u> £'000	<u>1999</u> £'000
Wages and salaries	14,394	12,932
Social security costs	774	1,559
Other pension costs	<u>222</u>	<u>252</u>
	<u>15,390</u>	<u>14,743</u>

- (c) There were no emoluments received or receivable by any of the directors in respect of their services to the company during the year (1999 - £Nil).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents payment from the immediate parent company, Safeway Stores plc, for those tax losses surrendered under consortium relief.

7. DIVIDENDS

	<u>2000</u> £'000	<u>1999</u> £'000
Proposed final dividend	<u>-</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Land and buildings			Plant, equipment and vehicles	Total
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	£'000	£'000
Cost:-					
Beginning of year	87,511	8,899	4,689	24,632	125,731
Additions	2,548	143	177	2,844	5,712
Transfers	2,208	-	(2,208)	-	-
Disposals	(503)	-	-	(146)	(649)
End of year	91,764	9,042	2,658	27,330	130,794
Depreciation:-					
Beginning of year	1,165	132	91	2,979	4,367
Charged during the year	4,908	83	103	2,692	7,786
Disposals	(7)	-	-	(29)	(36)
End of year	6,066	215	194	5,642	12,117
Net book value:-					
Beginning of year	86,346	8,767	4,598	21,653	121,364
End of year	85,698	8,827	2,464	21,688	118,677
Assets in course of construction included in cost above:-					
Beginning of year	12,774	-	-	-	12,774
End of year	15,808	-	-	-	15,808

Freehold land included in the total cost above amounts to £30,919,000 (1999 - £30,451,000).

Interest capitalised on freehold and long leasehold developments included in additions during the year amounted to £336,000 (1999 - £1,370,000). The cumulative amount of interest capitalised in the total cost above amounts to £2,406,000 (1999 - £2,070,000).

9. STOCKS

There is no significant difference between the balance sheet value and replacement cost of stocks.

10. **DEBTORS AND PREPAYMENTS**

	<u>2000</u> £'000	<u>1999</u> £'000
Amounts falling due within one year:-		
Trade debtors	-	1
Other debtors	<u>2,395</u>	<u>2,908</u>
	2,395	2,909
Amounts falling due after more than one year:-		
Other debtors	<u>206</u>	<u>1,145</u>
	<u>2,601</u>	<u>4,054</u>

11. **CREDITORS, due within one year**

	<u>2000</u> £'000	<u>1999</u> £'000
Bank overdraft	2,067	5,673
Trade creditors	258	579
Amount owed to parent company	6,744	13,554
Amount owed to Fitzwilton Finance (see Note 13)	590	588
Capital expenditure	2,609	7,948
VAT	-	593
Accruals and deferred income	2,050	1,671
Other creditors	<u>686</u>	<u>955</u>
	<u>15,004</u>	<u>31,561</u>

The amount owed to the parent company is non interest bearing.

12. **CREDITORS, due after one year**

	Interest <u>rate</u> %	<u>2000</u> £'000	<u>1999</u> £'000
Bank loan	Variable	<u>135,000</u>	<u>108,000</u>

The company has joint use of a £200 million revolving credit facility with its ultimate holding company Safeway plc. The floating interest rate is variable based on the London Interbank Offered Rate. The rates are fixed in advance, normally for periods ranging from one month to six months.

13. CALLED-UP SHARE CAPITAL

	<u>2000</u> £'000	<u>1999</u> £'000
Authorised:-		
60,000,000 'A' shares of £1 each	60,000	60,000
60,000,000 'B' shares of £1 each	<u>60,000</u>	<u>60,000</u>
	<u>120,000</u>	<u>120,000</u>
Allotted, called-up and fully paid:-		
3,333,334 'A' shares of £1 each	3,333	3,333
10,000,003 'B' shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<u>13,333</u>	<u>13,333</u>

All 'A' shares are held by Safeway Stores plc and all 'B' shares are held by Fitzwilton Finance (UK) Plc.

14. SHARE PREMIUM ACCOUNT

	<u>2000</u> £'000	<u>1999</u> £'000
Issue of 'A' shares	<u>6,667</u>	<u>6,667</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u> £'000	<u>1999</u> £'000
Loss for financial year	(14,211)	(19,330)
Dividends paid and proposed	<u>-</u>	<u>-</u>
Retained loss for the year	(14,211)	(19,330)
Equity shareholders' funds, beginning of year	<u>(9,000)</u>	<u>10,330</u>
Equity shareholders' funds, end of year	<u>(23,211)</u>	<u>(9,000)</u>

16. DEFERRED TAXATION

The total unprovided potential asset for deferred taxation calculated at 30% (1999 - 30%) comprises:-

	<u>2000</u> £'000	<u>1999</u> £'000
Tax losses carried forward	11,189	10,523
Tax allowances in excess of recorded depreciation	<u>(3,944)</u>	<u>(4,206)</u>
	<u>7,245</u>	<u>6,317</u>

17. COMMITMENTS AND CONTINGENCIES

- (a) Capital commitments authorised and contracted for at the end of the year totalled £Nil (1999 - £470,000).
- (b) Lease commitments

The company's aggregate minimum annual rentals under non-cancellable leases inclusive of unconditional future obligations are as follows:-

	PROPERTY	
	<u>2000</u>	<u>1999</u>
	£'000	£'000
Operating leases which expire:-		
Within one year	392	-
Within two to five years	-	975
After five years	15	15
	<u>407</u>	<u>990</u>

- (c) Pension schemes

The Safeway group maintains pension schemes for all eligible full-time and part-time employees. Scheme funds are administered by Trustees and are independent of group finances. Investment of pension scheme assets in group companies is not permitted by the Trustees.

The principal scheme, the Safeway Pension Scheme, is a defined benefit scheme. The pension cost relating to the scheme is assessed in accordance with the advice of independent actuaries and is such as to spread the cost of pensions over the working lives of the employees who are scheme members.

The latest valuation of the scheme was carried out as at 1 April 1998 using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries, pensions and dividends. It was assumed that retail price inflation would be 3½% per annum, that the investment return would be 7½% per annum, that salary increases would average 5½% per annum, that pensions (in excess of the Guaranteed Minimum Pension) would increase at the rate of 3½% per annum and that dividends on United Kingdom equity investments would increase at 3½% per annum.

The actuarial value of the assets was assessed by assuming that 60% of the market value of the assets was invested in the FTSE Actuaries All Share Index with the remaining 40% invested in the securities underlying the FTSE Actuaries Over 5 Years Index Linked Gilt Index. Anticipated future dividend income, coupon payments, sale and redemption proceeds were then discounted to the valuation date at the valuation rate of return.

At the date of the latest actuarial valuation, the market value of the assets of the scheme (excluding members' Additional Voluntary Contributions) was £786,500,000 and the actuarial value of the assets was sufficient to cover 114% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The excess is being eliminated as a uniform annual percentage of pensionable pay over 11 years, this being the approximate average remaining service life of scheme members.

The total pension cost charged to the accounts of Safeway Stores (Ireland) Limited during the year amounted to £222,000 (1999 - £252,000).

18. BANK FACILITIES

The company has net liabilities of £23,211,000 as at the balance sheet date. In order to be able to meet its borrowing requirements and other liabilities as they fall due for the foreseeable future, the company has joint use of a £200 million revolving credit facility with its ultimate holding company, Safeway plc. This facility, guaranteed by Safeway plc, expires in September 2002.

The directors are in the process of considering a refinancing strategy.

19. CASH FLOW STATEMENT

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.

20. 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.