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COMPANY REGISTRATION NUMBER: 464777

ASDA STORES LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE 52 WEEKS ENDED 1ST MAY, 1993



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ASDA STORES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

A list of the directors of the company is contained in the Directors' Report on page 3.

SECRETARY

Denise N. Jagger

REGISTERED OFFICE

Asda House,
Southbank,
Great Wilson Street,
Leeds,
LS11 5AD.

AUDITORS

Ernst & Young,
Becket House,
1, Lambeth Palace Road,
London,
SE1 7EU

BANKERS

National Westminster Bank plc.,
Leeds City Office,
8, Park Row,
Leeds,
LS1 1QS

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ASDA STORES LIMITED

DIRECTORS' REPORT

The Directors submit their report and audited accounts of the Company for the 52 weeks ended 1st May, 1993.

1. PROFIT AND LOSS ACCOUNT AND DIVIDENDS

The Company's profit for the financial year, as set out on page 9, amounted to £81,952,000 (1992: loss - £69,271,000).

The Company paid an interim dividend of £31,790,000 (1992: £62,464,000).
The Directors recommend that no final dividend be paid.

2. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the Company are the retailing of food and clothing, home and leisure products. The processing of meat products ceased on 31st July, 1993.

3. FIXED ASSETS

A summary of the movements on fixed assets is set out in note 11 to the accounts.

4. RESEARCH AND DEVELOPMENT

The Company is committed to the development of its product range and of Asda Brand products in particular. The focus is on the provision of a comprehensive range of good value products with an emphasis on quality and innovation. It therefore conducts a continuous programme to product research and development. It has also made considerable investment in operational and systems related improvements to enhance the service offered to customers and improve the safety and general environment of the workplace for its employees.

ASDA STORES LIMITED

DIRECTORS' REPORT (Continued)

5. DIRECTORS AND THEIR INTERESTS

The Directors' who served during the year are as shown below:-

J. Ballingall	(Resigned 31st December, 1992)
L. F. Boyle	
L. A. Campbell	
P. R. Cox	
J. Duggan	
J. Galloway	
J. R. Harker	(Resigned 1st July, 1992)
D. N. Jagger	(Appointed 3rd February, 1993)
A. G. Jeffries	(Resigned 6th April, 1993)
P. Langsdale	(Appointed 8th January, 1993)
A. L. Leighton	
G. M. McBeath	
B. C. Milburn	
P. W. Monaghan	(Appointed 1st August, 1992)
M. J. Russell	(Resigned 31st August, 1992)
A. J. Norman	
G. G. Street	(Resigned 6th April, 1993)
K. Shingler	

The interests of the Directors all of which are beneficially held, including family interests, in the ordinary shares of the ultimate parent undertaking, Asda Group plc., are set out below.

	<u>1ST MAY, 1993</u>	<u>2ND MAY, 1992 (OR DATE OF APPOINTMENT IF LATER)</u>
L. F. Boyle	16,057	16,057
D. N. Jagger	14,273	-
P. R. Langsdale	5,200	4,000
B. C. Milburn	11,292	8,292
K. Shingler	49,686	38,222
M. G. McBeath	19,500	-
J. Duggan	1,366	1,366

ASDA STORES LIMITED

DIRECTORS' REPORT (Continued)

Options have been granted to subscribe for ordinary shares in Asda Group plc as follows:-

	<u>AT 1ST</u> <u>MAY, 1993</u>	<u>GRANTED</u> <u>DURING</u> <u>THE YEAR</u>	<u>EXPIRED</u> <u>DURING</u> <u>THE YEAR</u>	<u>RIGHTS</u> <u>ISSUE</u>	<u>AT 2ND</u> <u>MAY, 1992</u>
L. F. Boyle	345,743	5,140	-	16,208	324,395
J. Galloway	413,967	-	-	19,409	394,558
D. N. Jagger	696,856	664,179	-	32,677	-
P. R. Langsdale	602,897	574,626	-	28,271	-
B. C. Milburn	240,050	4,370	-	11,254	224,426
K. Shingler	285,547	-	3,218	13,383	275,382
J. Duggan	508,593	218,199	-	23,847	266,547

A long term incentive Plan ("the Plan") was implemented in April, 1993. The following Directors have been granted deeply discounted options over Asda Group's ordinary shares, which are only exercisable if certain earnings and share price targets for the Group are met over a five year period.

	<u>AT 1ST MAY,</u> <u>1993</u>
L. F. Boyle	500,000
J. Galloway	500,000
D. N. Jagger	500,000
P. R. Langsdale	500,000
B. C. Milburn	500,000
J. Duggan	500,000

Details of the Plan are disclosed in the Asda Group plc accounts.

The interests of Messrs. Campbell, Cox, Leighton, Monaghan and Norman are shown in the Asda Group plc accounts.

None of the Directors of the Company had any interest in any contracts entered into by the Company.

ASDA STORES LIMITED

DIRECTORS' REPORT (Continued)

During the year the Company maintained liability insurance for its Directors and Officers.

6. EMPLOYMENT POLICIES

The commitment of employees throughout the Company is fundamental to its continuing recovery. Particular emphasis is placed on keeping all employees fully informed of the Company's progress as the scale and pace of change remains high. The principal channels of employee communication are team briefings, videos, conferences, Asda FM and company newsletters.

Improved customer service is an essential element of the Company's recovery strategy. Recruitment, training and development policies all emphasise this important area and encourage employees at all levels to adopt a practical and customer orientated approach. This has been re-inforced by simplification of organisational structures in stores and in Head Office. The renewal process, piloted in some stores, but now expanding across the Company, achieves higher standards of customer service by putting much greater emphasis on teamwork and shared responsibility by employees throughout the stores.

Recruitment procedures are designed to ensure that all applicants for employment receive equal treatment regardless of gender, marital status, race, colour or disability. Once appointed the appraisal system is designed to ensure that all employees have an opportunity of achieving their full potential. The Company is committed to the principles established by the Business in the Community Opportunity 2000 initiative and is a founder member of Opp2k, the initiative by the City of Leeds to advance opportunities for women in the workplace. The Company is actively encouraging the greater participation of women at all levels in the business.

Employees also benefit from a range of other share option and bonus schemes and at the year end over 24,000 employees held either options over, or rights in, shares through these schemes.

ASDA STORES LIMITED

DIRECTORS' REPORT (Continued)

7. **CHARITABLE AND POLITICAL DONATIONS**

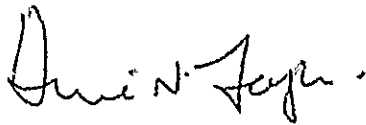
Charitable donations amounted to £150,000 (1992: - £150,000). There were no political donations made during the year.

8. **AUDITORS**

Ernst and Young have expressed their willingness to continue in office as auditors.

By elective resolution dated 1st November, 1990, the Company resolved to dispense with its obligation to appoint auditors annually.

By order of the Board



Denise N. Jagger
Secretary

9th December, 1993

Registered Office:-
Asda House,
Southbank,
Great Wilson Street,
Leeds,
LS11 5AD

ASDA STORES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 8 is made for the purpose of clarifying for members the respective responsibilities of the Directors and the auditors in the preparation of accounts.

The Directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the Company at the end of each financial year and of its profit for the year. In preparing the financial statement, the Directors ensure that applicable accounting standards have been followed and that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used. The accounts have been prepared on a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. The Directors also have responsibility for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

ASDA STORES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF ASDA STORES LIMITED

We have audited the accounts on pages 9 to 27, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and on the basis of the accounting policies set out on pages 11 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 7, the Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

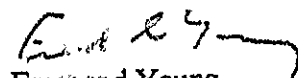
BASIS OF OPINION

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 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 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 the Company's affairs as at 1st May, 1993 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act, 1985.


Ernst and Young
Chartered Accountants
Registered Auditor
London

9th December, 1993

ASDA STORES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 1ST MAY, 1993 (1992 - 53 WEEKS)

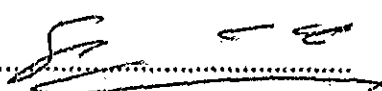
	NOTE	1993 £'000	1992 £'000
Sales		4,751,131	4,648,805
Value Added Tax		354,920	340,468
Turnover	2	4,396,211	4,308,337
Operating costs		4,270,939	4,190,682
Operating profit	2,3	125,272	117,655
Interest receivable and similar income	5	33,058	29,539
Interest payable and similar charges	6	(23,553)	(30,775)
Profit on ordinary activities before taxation and exceptional items		134,777	116,419
Exceptional items	7	(3,332)	(195,120)
Profit/(Loss) on ordinary activities before taxation		131,445	(78,701)
Taxation	8	(30,400)	9,430
Profit/(Loss) before extraordinary items		101,045	(69,271)
Extraordinary items	9	(19,093)	-
Profit/(Loss) for the financial period		81,952	(69,271)
Dividends	10	31,790	62,464
Retained profit/(loss) for the period		50,162	(131,735)

The notes on pages 11 to 27 form an integral part of this profit and loss account.

A statement of movements on reserves is given in note 21.

ASDA STORES LIMITED**BALANCE SHEET - 1ST MAY, 1993**

	NOTE	1993 £'000	1992 £'000
Fixed Assets			
Tangible assets	11	700,267	725,919
Investments	12	500,140	500,846
		<u>1,200,407</u>	<u>1,226,765</u>
Current Assets			
Stocks	13	234,289	217,027
Debtors (including amounts falling due after more than one year of £453,828, 000; 1992: £256,100,000)	14	560,204	357,424
Investments		120	114
Cash at bank and in hand		3,213	30,640
		<u>797,826</u>	<u>605,205</u>
Creditors: Amounts falling due within one year	15	<u>(666,015)</u>	<u>(550,794)</u>
Net current assets		<u>131,811</u>	<u>54,411</u>
Total assets less current liabilities		1,332,218	1,281,176
Creditors: Amounts falling due after more than one year	16	<u>(223,942)</u>	<u>(225,100)</u>
Provisions for liabilities and charges	17	<u>(114,994)</u>	<u>(112,956)</u>
		<u>993,282</u>	<u>943,120</u>
Capital and reserves			
Called up share capital	20	584,865	584,865
Share premium account	21	260	260
Revaluation reserve	21	99,782	99,782
Profit and loss account	21	308,375	258,213
		<u>993,282</u>	<u>943,120</u>


P. R. Cox

Director

9th December, 1993

The notes on pages 11 to 27 form an integral part of this balance sheet.

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993

1. ACCOUNTING POLICIES

(a) Accounting Basis

The accounts are prepared under the historical cost convention modified to include the open market valuation of food retailing properties.

The accounts are prepared in accordance with applicable accounting standards.

(b) Group Accounts

Consolidated accounts have not been prepared because the Company is a wholly-owned subsidiary undertaking of Asda Group plc.

(c) Cash Flow Statement

In accordance with FRS1 no cash flow statement has been prepared as the Company is a wholly owned subsidiary undertaking of Asda Group plc which produces a consolidated cash flow statement.

(d) Tangible Fixed Assets

The Company's tangible fixed assets are included in the balance sheet at cost less depreciation with the exception of its food retailing properties, which have been included in the balance sheet at their open market value at 2nd May, 1992.

(e) Depreciation

The Company follows a regular programme of refurbishment and maintenance of its properties which includes, where necessary, the reinstatement of the fabric of the buildings in order to prolong their useful lives without determinable limit. Such expenditure, with the exception of elements of improvement, is charged to profits in the year in which it is incurred. Accordingly, the Directors consider that the lives of freehold and leasehold buildings with more than 50 years unexpired are such that their depreciation is not significant.

Depreciation, calculated on the basis of estimated useful lives on a straight line basis is, however, provided on certain elements of the capitalised value of freehold and long leasehold buildings, in particular fixtures, fittings, certain utilities and services.

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

Other tangible fixed assets are depreciated over their estimated useful lives, on a straight line basis, as follows:-

Short leasehold property	over period of lease
Plant and equipment	3-20 years
Motor vehicles	4-10 years

(f) Leased Assets

Assets held under finance leases are capitalised as tangible fixed assets and included in creditors at the cost of outright purchase. Rentals are apportioned between reductions in the capital obligations included in creditors, and those relating to finance charges which are charged to the profit and loss account at a constant periodic rate of charge.

The capitalised cost of leased assets is written off over the shorter of their estimated useful lives and the lease term.

The costs of operating leases are charged to the profit and loss account as they are incurred.

(g) Capitalisation of Interest

Interest costs relating to the financing of properties in course of construction are capitalised net of tax relief.

Interest costs incurred in funding land and construction work in progress in respect of property development projects are capitalised during the period of development.

(h) Stocks

Stocks comprise goods held for resale and are valued at the lower of cost and net realisable value.

(i) Deferred Taxation

Tax deferred or accelerated has been accounted for to the extent that it is probable that a liability or asset will crystallise.

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

- (j) **Research and Development**
Expenditure on research and development is written off in the year in which it is incurred.
- (k) **Turnover**
Turnover comprises value of sales exclusive of VAT and inter-company transactions.
- (l) **Investments**
Investments are stated at the lower of cost and net realisable value.
- (m) **Pensions**
Pension costs are charged to the profit and loss account over the expected service lives of employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

2. **ANALYSIS OF TURNOVER AND OPERATING PROFITS BY ACTIVITIES**

	1993 Turnover £'000	1993 Operating Profit/ (Loss) £'000	1992 Turnover £'000	1992 Operating Profit £'000
Asda Stores	4,392,294	126,244	4,304,764	116,226
Lofthouse Foods	113,524	(3,372)	149,521	1,429
Less - Inter divisional sales	(109,607)	-	(145,948)	-
	<u>4,396,211</u>	<u>122,872</u>	<u>4,308,337</u>	<u>117,655</u>

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

3. OPERATING PROFIT

	1993 £'000	1992 £'000
Arrived at after charging (crediting):-		
Change in stocks	(17,262)	36,206
Other operating income	(17,781)	(16,769)
Raw materials and consumables	3,315,683	3,191,891
Staff costs	391,537	399,895
Depreciation of tangible fixed assets	73,938	66,892
Other operating charges	524,824	512,567
	<u>4,270,939</u>	<u>4,190,682</u>
Within other operating charges:-		
Operating lease charges		
Land and buildings	139,479	141,104
Plant and machinery	11,668	10,788
Amounts paid to auditors		
Audit	97	97
Other	52	283
	<u>149</u>	<u>380</u>
Within staff costs:-		
Wages and salaries	365,225	369,973
Social security costs	23,426	25,056
Other pension costs	2,886	4,866
	<u>391,537</u>	<u>399,895</u>

The average number of employees is analysed as follows:-

	EMPLOYEES 1993	EMPLOYEES 1992
Asda Stores	64,104	64,767
Lofthouse Foods	1,517	1,733
	<u>65,621</u>	<u>66,500</u>

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

4. EMOLUMENTS OF DIRECTORS

	1993 £'000	1992 £'000
Fees	-	-
Other emoluments	2,911	1,280
Compensation for loss of office	858	119
	<u>3,769</u>	<u>1,399</u>

	<u>1993</u>	<u>1992</u>
£20,001 - £25,000	-	1
£30,001 - £35,000	1	-
£35,001 - £40,000	1	-
£50,001 - £55,000	1	-
£65,001 - £70,000	1	-
£80,001 - £85,000	1	-
£100,001 - £105,000	4	6
£105,001 - £110,000	1	3
£110,001 - £115,000	1	-
£115,001 - £120,000	1	1
£120,001 - £125,000	1	-
£235,001 - £240,000	1	-
£260,001 - £265,000	1	-
£285,001 - £290,000	1	-
£300,001 - £305,000	1	-
£465,001 - £470,000	1	-

Included in the above is the remuneration paid to the highest paid Director of £468,127 (1992: £169,222).

Executive Directors' remuneration includes bonuses which are based on the Group's performance. Performance targets and bonus levels are set and their achievement monitored by the Remuneration Committee, which consists of the Chairman and Non-Executive Directors.

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1993 £'000	1992 £'000
Interest Receivable from Group undertakings	32,766	28,657
Other	292	882
	<u>33,058</u>	<u>29,539</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1993 £'000	1992 £'000
Repayable within 5 years:-		
Interest payable to Group undertakings	22,656	34,835
Bank overdraft interest	1,119	370
Finance lease charges	796	1,253
Repayable after five years:-		
Debenture and mortgage interest	33	33
	<u>24,604</u>	<u>36,491</u>
Interest capitalised before tax relief of £347,000 (1992: £1,886,000)	<u>(1,051)</u>	<u>(5,716)</u>
	<u>23,553</u>	<u>30,775</u>

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

7. **EXCEPTIONAL ITEMS**

	1993 £'000	1992 £'000
Loss on disposal of surplus sites	3,332	-
Permanent diminution in value of retail properties	-	51,389
Restructuring and repositioning provisions	-	124,660
Write-off of deferred distribution costs	-	19,071
	<u>3,332</u>	<u>195,120</u>

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ASDA STORES LIMITED**NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)****8. TAXATION**

The (charge)/credit based on the profit/(loss) for the year comprises:-

	1993 £'000	1992 £'000
UK Corporation Tax at 33% (1992: 33%)		
Current	(21,117)	(13,404)
Deferred	(9,090)	53,336
	<u>(30,207)</u>	<u>39,932</u>
Adjustments in respect of prior years		
Current	114	-
Deferred	(307)	(30,502)
	<u>(30,400)</u>	<u>9,430</u>

9. EXTRAORDINARY ITEMS

	1993 £'000	1992 £'000
Provision for cessation of food manufacturing activities	26,625	-
Tax relief thereon	(7,532)	-
	<u>19,093</u>	<u>-</u>

10. DIVIDENDS

	1993 £'000	1992 £'000
Ordinary:-		
- Interim	31,790	34,623
- Second Interim	-	27,841
	<u>31,790</u>	<u>62,464</u>

ASDA STORES LIMITED**NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)****11. TANGIBLE FIXED ASSETS**

	FREEHOLD PROPERTIES £'000	LEASEHOLD PROPERTIES £'000	PLANT, MACHINERY, EQUIP. & VEHICLES £'000	TOTAL £'000
Cost or Valuation:				
At beginning of year	103,248	400,380	465,648	969,276
Additions	6,815	26,302	44,666	77,783
Transfers from other Group undertakings	4,491	610	1,638	6,739
Transfers to other Group undertakings	(30,821)	(3,177)	-	(33,998)
Disposals	(15,578)	-	(88,751)	(104,329)
At end of year	68,155	424,115	423,201	915,471
Depreciation:				
At beginning of year	4,158	10,381	230,950	245,489
Reclassification	(580)	580	-	-
Charge for year	525	5,444	67,969	73,938
Transfers from other Group undertakings	581	205	486	1,272
Transfers to other Group undertakings	(2,285)	(786)	-	(3,071)
Disposals	(1,761)	-	(63,266)	(65,027)
At end of year	638	15,824	236,139	252,601
Net book amounts at 1st May, 1993	67,517	408,291	187,062	662,870
Assets under construction (1992: £2,132,000)				37,397
Net book amounts at 1st May, 1993				700,267
Net book amounts at 2nd May, 1992				725,919

ASDA STORES LIMITED**NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)****11. TANGIBLE FIXED ASSETS (Continued)**

Food retailing properties were revalued at 2nd May, 1992 by the Company's own qualified surveyors. This was carried out on the basis of open market valuation for existing use, with the exception of certain properties which, in the opinion of the Directors, had a limited future life in existing use. In respect of these properties, the Directors estimated their lower, alternative use value.

The historical cost of food retailing properties included at valuation is as follows:-

	1993 £'000	1992 £'000
Freehold Properties	2,006	2,006
Leasehold Properties	228,287	228,287
	<u>230,293</u>	<u>230,293</u>

An amount of £704,000 (1992: £3,830,000) has been included in additions in respect of interest capitalised during the year ended 1st May, 1993 after deducting tax relief of £347,000 (1992: £1,886,000).

The net book amount of plant, machinery, equipment and vehicles includes £14,901,174 (1992: £22,023,916) in respect of leased assets after charging depreciation of £6,179,305 (1992: £8,162,805).

The net book value of leasehold property comprises:-

	1993 £'000	1992 £'000
Leases with 50 years or more unexpired	353,740	340,737
Leases with less than 50 years unexpired	54,256	49,262
	<u>407,996</u>	<u>389,999</u>

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

12. FIXED ASSET INVESTMENTS

	1993 £'000	1992 £'000
Cost		
At beginning of year	500,846	846
Additions/(Disposals)	(706)	500,000
At end of year	<u>500,140</u>	<u>500,846</u>

The principal subsidiary undertakings which are wholly owned are McLagan Investments Limited and Corinth Services Limited which are registered in England.

McLagan Investments Limited is a property holding company. Corinth Services Limited is an investment company.

In the Directors' opinion, the aggregate values of investments in subsidiaries is not less than the balance sheet value.

13. STOCKS

In the Directors' opinion the replacement cost of stocks does not materially exceed the balance sheet value.

14. DEBTORS

	1993 £'000	1992 £'000
Amounts falling due within one year:		
Amounts owed by fellow subsidiary undertakings	14,726	22,780
Taxation	6,565	-
Other debtors	28,712	19,629
Prepayments and accrued income	<u>56,373</u>	<u>58,915</u>
	106,376	101,324
Amounts falling due after more than one year:		
Amounts owed by fellow subsidiary undertakings	<u>453,828</u>	<u>256,100</u>
	560,204	357,424

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993 £'000	1992 £'000
Overdraft	38,708	1,756
Obligations under finance leases	4,440	5,023
Trade creditors	342,657	337,626
Amounts owed to parent undertakings	46,142	9,750
Amounts owed to fellow subsidiary undertakings	75,556	91,737
Taxation	-	5,747
Social Security	7,316	7,747
Other creditors	30,870	31,569
Accruals	120,326	59,839
	<u>666,015</u>	<u>550,794</u>

16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993 £'000	1992 £'000
Loans repayable 1995 to 2022 (interest rates 10.25% to 10.75%)	328	333
Obligations under finance leases repayable within two to five years	7,614	8,386
Government grants	-	381
Amount owed to fellow subsidiary undertaking	216,000	216,000
	<u>223,942</u>	<u>225,100</u>

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

16. CREDITORS (Continued)

The amount owed to fellow subsidiary undertaking represents the following:-

	1993 £'000	1992 £'000
Unsecured long loan stock dated 2010	158,625	158,625
Unsecured LIBOR loan stock dated 2010	57,375	57,375
	<u>216,000</u>	<u>216,000</u>

The long loan stock bears interest at a rate determined by the ultimate parent undertaking each year, the rate during the period being 10.74%. The LIBOR loan stock bears interest at 1.5% over LIBOR rate.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1993 £'000	1992 £'000
Deferred taxation (note 18)	6,480	4,615
Provisions (note 19)	108,514	108,341
	<u>114,994</u>	<u>112,956</u>

18. DEFERRED TAXATION

	ACCELERATED CAPITAL ALLOWANCES £'000	SHORT TERM TIMING DIFFERENCES £'000	TOTAL £'000
At beginning of year	42,111	(37,496)	4,615
Reclassification	(17,820)	17,820	-
Transfer from profit and loss account	(3,311)	5,176	1,865
At end of year	<u>20,980</u>	<u>(14,500)</u>	<u>6,480</u>

Provision has been made for corporation tax at 33% on timing differences which are expected to reverse in the foreseeable future. The amount provided at the end of the year is the full potential liability.

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

19. PROVISIONS

	ACQUISITION PROVISION £'000	RESTRUCT. PROVISIONS £'000	OTHER £'000	TOTAL £'000
At beginning of year	2,941	105,400	-	108,341
Transfer from profit and loss account	-	-	26,625	26,625
Utilised during the year	(289)	(15,254)	(10,909)	(26,452)
At end of year	<u>2,652</u>	<u>90,146</u>	<u>15,716</u>	<u>108,514</u>

20. CALLED UP SHARE CAPITAL

	AUTHORISED		ALLOTTED, CALLED UP, AND FULLY PAID	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Ordinary shares of £1 each	29,000	29,000	28,009	28,009
Redeemable ordinary shares of £1 each	<u>721,000</u>	<u>721,000</u>	<u>556,856</u>	<u>556,856</u>
	<u>750,000</u>	<u>750,000</u>	<u>584,865</u>	<u>584,865</u>

The redeemable ordinary shares are redeemable at the option of the Company, at par, on or before 31st December, 2099.

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ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

21. RESERVES

	SHARE PREMIUM ACCOUNT £'000	REVALUATION RESERVE £'000	PROFIT AND LOSS ACCOUNT £'000
At beginning of year	260	99,782	258,213
Retained profit for the year	-	-	50,162
At end of year	260	99,782	308,375

22. FINANCIAL COMMITMENTS

The Directors have authorised future capital expenditure which amounts to:-

	1993 £'000	1992 £'000
Contracted	3,484	3,774
Not Contracted	13,717	37,503

The annual commitment under non-cancellable operating leases, mainly in respect of land and buildings, is as follows:-

	1993 £'000	1992 £'000
Leases expiring:-		
Within one year	153	-
Within 2 to 5 years	163	316
Thereafter	147,393	135,878
	147,709	136,194

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 1ST MAY, 1993 (Continued)

23. PENSIONS

Asda Group plc, operates defined benefit schemes for full time employees, the assets of which are held in a separate trustee administered common investment fund. The trustees of the schemes have been specifically selected from a wide range of existing employee members in different functions throughout the Group. In addition a pensioner trustee has been appointed as well as an independent trustee, a pensions lawyer who has no connection with the Group.

The pension cost relating to the schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial assessment of the schemes relevant for the period of these accounts was at 1st March and 6th April, 1992. The most significant influence on the results of the valuation is the relationship between the long term rate of investment return and the rates of increase in salaries and pensions. In this respect, it was assumed that the long term rate of investment return would exceed the rates of increase in salaries by 1 to 2% per annum and exceed the rates of increase in pensions by 6% per annum.

At the year end the market value of the schemes' assets was £121,300,000 and the actuarial value of these assets represented 143% of the benefits that had accrued to members, after allowing for expected future increases in salaries. The schemes' trustees, after consulting with the Company, decided to utilise the surplus in part by improving benefits with effect from 1st July, 1992 and in part by reducing employer contributions, spread over the average service life of scheme members, with effect from 3rd May, 1992.

The schemes comply with the ruling of the European Court in May, 1990 ("the Barber decision") concerning equality for men and women, both in respect of retirement ages and commutation factors.

The total pension cost to the company was £2,886,000 (1992: £4,866,000).

The Group also operates a defined contribution pension scheme for certain employees.

24. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Asda Group plc, a company registered in England.

Copies of Asda Group plc's accounts can be obtained from Asda House, Southbank, Great Wilson Street, Leeds, LS11 5AD.