

ASDA Stores Limited

Report and Accounts

1 May 1999

Registered No. 464777



ASDA Stores Limited

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DIRECTORS

A J Norman (Chairman)
D Armstrong
R Baker
H G Bowles (appointed 15 August 1998)
G V Burr
S A Cain (resigned 30 November 1998)
L A Campbell
M Coupe
P R Cox (resigned 17 December 1998)
A De Nunzio
P Dutton
F R Emmott
A H Hornby (appointed 29 January 1999)
D N Jagger
A L Leighton
B McLaughlin
I J McLeod
P Mason

SECRETARIES

D N Jagger
N I Cooper

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

REGISTERED OFFICE

ASDA House
Southbank
Great Wilson Street
Leeds
LS11 5AD

ASDA Stores Limited

DIRECTORS' REPORT

The directors submit their report and audited accounts for the 52 weeks ended 1 May 1999.

RESULTS AND DIVIDENDS

The company's profit for the financial year, as set out on page 9, amounted to £251,619,000 (1998 - £249,516,000).

The company paid an interim dividend of £ nil (1998 - £101,047,000). The directors recommend that no final dividend be paid.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are the retailing of food and clothing, home and leisure products.

RESEARCH DEVELOPMENT

Essential to the company's success is the delivery of fresh, innovative, good value products which are unique to ASDA. Our buying teams, food technologists and marketers are continually searching to improve the quality of the company's products and to develop new ideas, many of which are sold under the ASDA brand or Farm Stores labels.

POST BALANCE SHEET EVENT

On 14 June 1999, Wal-Mart Stores (UK) Limited, a subsidiary of Wal-Mart Stores, Inc., announced a cash offer for 100% of the issued share capital of ASDA Group plc. The offer became fully unconditional on 27 July 1999 and Wal-Mart Stores, Inc. is now the ultimate parent undertaking of ASDA Stores Limited.

DIRECTORS AND THEIR INTERESTS

A list of the current directors is set out on page 2.

None of the directors held any interest in the share capital of ASDA Stores Limited during the year. 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 shown below:

	<i>At 1 May 1999</i>	<i>At 2 May 1998 or date of appointment</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
D Armstrong	2,000	2,000
R Baker	34,023	4,023
H G Bowles	15,784	3,500
G V Burr	3,051	2,026
P Dutton	1,578	71,964
F R Emmott	2,462	2,462
A H Hornby	1,305	1,305
D N Jagger	56,278	56,131
B McLaughlin	5,212	5,212
I McLeod	7,611	7,611

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

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

	<i>At 2 May 1998 or subsequent date of appointment</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>At 1 May 1999</i>
D Armstrong	383,864	147,473	(219,405)	311,932
R Baker	376,273	163,481	(147,800)	391,954
H G Bowles	204,748	90,332	-	295,080
G V Burr	351,022	100,161	(70,585)	380,598
P Dutton	227,644	135,266	(25,871)	337,039
F R Emmott	703,632	-	-	703,632
A H Hornby	361,288	-	-	361,288
D N Jagger	489,006	43,023	(40,509)	491,520
B McLaughlin	461,476	74,472	(151,520)	384,428
I McLeod	620,239	10,945	-	631,184

A long term incentive Plan ('the Plan') was implemented in April 1993. A second scheme commenced in the previous financial year. In total, the following directors have been formally granted deeply discounted options over ASDA Group plc ordinary shares, which are only exercisable if certain earnings per share and share price targets for the group are met over a specified period.

	<i>At 2 May 1998 or subsequent date of appointment</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>At 1 May 1999</i>
D Armstrong	95,818	42,376	-	138,194
R Baker	66,587	48,075	-	114,662
H G Bowles	47,180	23,329	-	70,509
G V Burr	100,252	37,637	-	137,889
P Dutton	49,836	34,141	-	83,977
F R Emmott	180,333	-	-	180,333
A H Hornby	46,015	-	-	46,015
D N Jagger	240,754	46,710	-	287,464
B McLaughlin	168,360	46,841	(56,389)	158,812
I McLeod	122,531	53,492	-	176,023

The interests of Messrs L A Campbell, M Coupe, A De Nunzio, A L Leighton, P Mason and A J Norman are shown in the ASDA Group plc accounts.

None of the directors of the company had an interest in any contracts entered into by the company.

Messrs S A Cain and P R Cox resigned as directors on 30 November 1998 and 17 December 1998 respectively. Messrs H G Bowles and A H Hornby were appointed directors on 15 August 1998 and 29 January respectively.

COLLEAGUE INVOLVEMENT AND COMMUNICATIONS

At ASDA we are committed to ensuring that all colleagues have an opportunity to realise their full potential and that all colleagues and applicants are treated fairly regardless of gender, age, marital status, race, religion or disability. During the last year we have actively encouraged the recruitment and retention of older colleagues into stores. We are aiming to recruit in our new Broadstairs store 50% of colleagues over 50 years of age.

We are also committed to making all colleagues feel an important part of the business and actively encourage colleagues to come forward with ideas for improving their business. This encourages extraordinary motivation and customer service, and we have a team dedicated to ensuring that this high level of participation and enthusiasm is maintained.

To ensure that colleague involvement is encouraged throughout the business we operate a Colleague Involvement League. This measures stores on a number of aspects: the extent to which they become involved in their local community, and charitable events, the number of Tell Archie suggestions, VPI participation, ABCD awards and the number of STAR points awarded to colleagues. Such programmes ensure that colleagues are rewarded and recognised for the fantastic things they do every day.

How we look after our colleagues and manage the business is also critical to our success. Key to this is the colleague circle in each store, distribution centre and at ASDA House and George. This meets monthly to obtain views from colleagues on matters as diverse as colleague uniforms, recruitment, pay and benefits and re-rostering. Annually we hold a national colleague circle to which every store and distribution centre sends a representative to engage in open discussions with members of the board.

Face to face communication is a key factor in motivating colleagues within ASDA. Colleagues are kept informed about the company's objectives and performance through a structured communications process.

This process includes daily Huddles - short meetings to discuss day to day tasks and local performance. These take place on the shop floor and in all departments at ASDA House, George and in distribution centres. Monthly meetings enable colleagues to review and discuss overall company performance and challenges for the coming month, whilst the ASDA News video and the Colleague Newsletter provide an opportunity for colleagues and the company as a whole to shout about their successes.

Electronic communication - E-Mail and ASDA's Intranet are continuing developments which are helping us to improve the efficiency of communication within the business.

DIRECTORS' REPORT

YEAR 2000 COST

Many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to avoid malfunctions and disruption from the year 2000 and beyond.

We have undertaken a comprehensive review of our systems and as far as practicable do not foresee any major issues. Where appropriate we have changed suppliers who did not appear to be Year 2000 compliant.

The total cost of the plan is currently estimated at £18 million, of which £15 million has been incurred and expensed to date.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations amounted to £240,000 (1998 - £210,000). There were no political donations made during the year.

TRADING TERMS

The company deals with over one thousand separate suppliers and has established trading terms which are appropriate to the particular relationship and product supplied. Whenever an order is placed the parties will be aware of the payment terms and it is the company policy to abide by those terms. There is a procedure in place for ensuring that the trading terms of regular suppliers are reviewed at least annually.

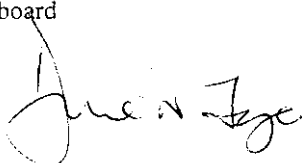
The average number of days credit taken for trade purposes at 1 May 1999 was 29 days (1998 - 29 days).

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

D N Jagger
Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

The following statement, which should be read in conjunction with the 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 the 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 statements, 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.

REPORT OF THE AUDITORS

to the members of ASDA Stores Limited

We have audited the accounts on pages 9 to 23 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 13 and 14.

Respective responsibilities of directors and auditors

As described on page 7 the company's 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 out opinion to you.

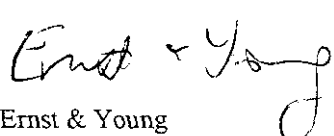
Basis of opinion

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 at 1 May 1999 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

4/10/99

ASDA Stores Limited

PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 1 May 1999

	Notes	1999 £000	1998 £000
SALES		8,846,407	8,219,897
Value added tax		(668,393)	(619,058)
TURNOVER	2	8,178,014	7,600,839
Operating costs		(7,871,369)	(7,302,182)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	3	306,645	298,657
Interest receivable and similar income	6	17,772	21,974
Interest payable and similar charges	7	(712)	(731)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		323,705	319,900
Taxation	8	(72,086)	(70,384)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		251,619	249,516
Dividends	9	-	(101,047)
PROFIT FOR THE FINANCIAL YEAR		251,619	148,469

There were no recognised gains or losses in the 52 week periods ended 1 May 1999 and 2 May 1998 other than the profit for each period.

ASDA Stores Limited

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the 52 weeks ended 1 May 1999

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Reported profit on ordinary activities before taxation	323,705	319,900
Adjustment of depreciation to historical cost basis	(3,768)	(3,391)
Historical cost profit on ordinary activities before taxation	<u>319,937</u>	<u>316,509</u>
Historical cost retained profit after taxation	<u>247,851</u>	<u>246,125</u>

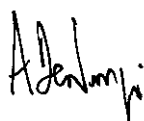
ASDA Stores Limited

BALANCE SHEET at 1 May 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Tangible assets	10	1,552,067	1,286,465
Investments	11	500,100	500,100
		<u>2,052,167</u>	<u>1,786,565</u>
CURRENT ASSETS			
Stocks		385,512	339,331
Debtors	12	379,012	390,473
Cash at bank and in hand		8,569	40,020
		<u>773,093</u>	<u>769,824</u>
CREDITORS: amounts falling due within one year	13	(969,254)	(915,668)
NET CURRENT LIABILITIES		<u>(196,161)</u>	<u>(145,844)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,856,006</u>	<u>1,640,721</u>
CREDITORS: amounts falling due after more than one year	14	(1,924)	(2,486)
Provisions for liabilities and charges	16	(36,985)	(72,757)
		<u>1,817,097</u>	<u>1,565,478</u>
CAPITAL AND RESERVES			
Called up share capital	19	584,865	584,865
Share premium account	20	260	260
Revaluation reserve	20	115,245	115,245
Profit and loss account	20	1,116,727	865,108
SHAREHOLDERS' FUNDS		<u>1,817,097</u>	<u>1,565,478</u>

Shareholders' funds include non-equity interests.

A De Nunzio - Director



ASDA Stores Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the 52 weeks ended 1 May 1999

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Total recognised gains and losses	251,619	249,516
Dividends	-	(101,047)
Net additions to shareholders' funds	251,619	148,469
Shareholders' funds at beginning of year	1,565,478	1,417,009
Shareholders' funds at end of year	1,817,097	1,565,478

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Equity shareholders' funds	1,260,241	1,008,622
Non-equity shareholders' funds	556,856	556,856
	1,817,097	1,565,478

NOTES TO THE ACCOUNTS
at 1 May 1999

1. ACCOUNTING POLICIES

Accounting convention

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.

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.

Group Accounts

Consolidated accounts have not been prepared because the company is a wholly owned subsidiary undertaking of ASDA Group plc.

Depreciation

The company's tangible fixed assets are depreciated over their estimated useful lives, on a straight line basis as follows:

Freehold and long leasehold property	-	20 - 50 years
Short leasehold property	-	over period of lease
Plant, fixtures and fittings	-	3 - 20 years
Motor vehicles	-	4 - 10 years

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 at valuation as at 1 May 1996 less depreciation and amounts written off.

Stocks

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

Deferred taxation

Deferred taxation has been accounted for to the extent that it is probable that a liability or asset will crystallise.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Investments

Short term investments are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS
at 1 May 1999

1. ACCOUNTING POLICIES (continued)

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 or the lease term.

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

Capitalisation of interest

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

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.

2. ANALYSIS OF TURNOVER

Turnover comprises the value of sales excluding value added tax.

Turnover is attributable to one continuing activity, the retail of food, clothing, home and leisure products, and arises wholly within the United Kingdom.

ASDA Stores Limited

NOTES TO THE ACCOUNTS at 1 May 1999

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1999 £000	1998 £000
Change in stocks	(46,181)	(55,393)
Other operating income	(25,405)	(28,873)
Raw materials and consumables	6,337,688	5,956,638
Staff costs	693,826	572,723
Depreciation of tangible fixed assets	113,484	102,489
Other operating charges	681,689	642,040
Operating lease charges:		
- Land and buildings	103,380	98,530
- Plant and machinery	12,692	13,896
Fees paid to auditors:		
- Audit fee	171	107
- Other	25	25
	<u>7,871,369</u>	<u>7,302,182</u>

4. DIRECTORS' EMOLUMENTS

	1999 £000	1998 £000
Emoluments (including pension contributions)	<u>3,909</u>	<u>3,421</u>
	1999 £000	1998 £000
Remuneration of highest paid director	<u>500</u>	<u>447</u>

The accrued pension entitlement of the highest paid director at 1 May 1999 was £20,000 (1998 - £17,000).

Executive directors' remuneration includes bonuses which are based on the group's sales and profit performance. Performance targets and bonus levels are set, and their achievement monitored by the Remuneration Committee, which consists of the chairman and three non-executive directors of ASDA Group plc.

All directors of the company are members of the ASDA Group plc defined benefit pension scheme.

ASDA Stores Limited

NOTES TO THE ACCOUNTS at 1 May 1999

5. STAFF COSTS

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Wages and salaries	638,086	529,934
Social security costs	40,762	30,281
Other pension costs	14,978	12,508
	<u>693,826</u>	<u>572,723</u>

The average weekly number of employees during the year was 80,101 (1998 - 76,350).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Interest receivable from group undertakings	17,069	21,063
Other	703	911
	<u>17,772</u>	<u>21,974</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Bank overdraft interest	87	386
Finance lease charges	556	194
Other	69	151
	<u>712</u>	<u>731</u>

No interest was capitalised during the year (1998 - £nil).

ASDA Stores Limited

NOTES TO THE ACCOUNTS at 1 May 1999

8. TAXATION

The taxation charge is made up as follows:

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Based on the profit for the year:		
Corporation tax at 30.9% (1998 - 31%)		
Current	94,574	87,553
Deferred	(19,806)	(2,765)
Adjustments in respect of prior years:		
Current	(10,673)	(11,420)
Deferred	7,991	(2,984)
	<u>72,086</u>	<u>70,384</u>

9. DIVIDENDS

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Ordinary dividends paid	-	101,047
	<u>-</u>	<u>101,047</u>

ASDA Stores Limited

NOTES TO THE ACCOUNTS at 1 May 1999

10. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i>		<i>Plant and</i>	
	<i>Freehold</i>	<i>Leasehold</i>	<i>machinery</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:				
At 2 May 1998	387,246	390,973	725,380	1,503,599
Additions	388,239	52,980	163,528	604,747
Reclassification	(16,973)	15,045	1,928	-
Transfers from other group undertakings	2,775	4,850	-	7,625
Transfer to other group undertakings	(137,235)	(15,955)	-	(153,190)
Disposals	(6,615)	(18,121)	(75,870)	(100,606)
At 1 May 1999	617,437	429,772	814,966	1,862,175
Depreciation:				
At 2 May 1998	19,630	65,587	395,507	480,724
Reclassification	(451)	314	137	-
Charge for the year	9,313	8,764	95,407	113,484
Transfers from other group undertakings	-	285	-	285
Transfers to other group undertakings	(4,292)	(1,306)	-	(5,598)
Disposals	(4,284)	(14,510)	(65,207)	(84,001)
At 1 May 1999	19,916	59,134	425,844	504,894
Net book value:				
At 1 May 1999	597,521	370,638	389,122	
Assets under construction (1998 - £263,590,000).				194,786
Net book value:				
At 1 May 1999				1,552,067
Net book value:				
At 2 May 1998				1,286,465

Food retailing properties were revalued at 1 May 1996 by External Valuers, Messrs G L Hearn and Partners, Chartered Surveyors. The open market valuations were carried out on the basis of 'Existing Use Value' as defined in Practice Statement 4 of and in accordance with the RICS Appraisal and Valuation Manual (the New Red Book) published by the Royal Institution of Chartered Surveyors, with the exception of certain superstores which, in the opinion of the directors, have a limited future economic life in existing use. In respect of these properties, the directors have estimated their lower, alternative use value.

ASDA Stores Limited

NOTES TO THE ACCOUNTS

at 1 May 1999

10. TANGIBLE FIXED ASSETS (continued)

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

	1999 £000	1998 £000
Freehold properties	111,319	299,616
Leasehold properties	307,455	341,171
	<u>418,774</u>	<u>640,787</u>

An amount of £nil (1998 - £nil) has been included in additions in respect of interest capitalised during the year ended 1 May 1999 after deducting tax relief of £nil (1998 - £nil).

The net book amount of plant, machinery, equipment and vehicles includes £1,512,000 (1998 - £7,262,200) in respect of leased assets after charging depreciation of £5,912,000 (1998 - £4,221,603).

The net book amount of leasehold property includes:

	1999 £000	1998 £000
Leases with 50 years or more unexpired	316,813	279,100
Leases with less than 50 years unexpired	53,825	48,913
	<u>370,638</u>	<u>328,013</u>

11. FIXED ASSET INVESTMENTS

	£000
Cost at 1 May 1999 and 2 May 1998	<u>500,140</u>
Amounts provided at 1 May 1999 and 2 May 1998:	<u>(40)</u>
Net book value at 1 May 1999 and 2 May 1998	<u>500,100</u>

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

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 amount.

ASDA Stores Limited

NOTES TO THE ACCOUNTS at 1 May 1999

12. DEBTORS

Amounts falling due within one year:

	1999 £000	1998 £000
Amounts owed by group undertakings	274,808	256,400
Other debtors	24,049	36,219
Prepayments and accrued income	80,155	97,854
	<u>379,012</u>	<u>390,473</u>

13. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Bank overdraft	14,092	-
Obligations under finance leases (note 15)	2,442	1,514
Trade creditors	695,678	601,421
Amounts owed to group undertakings	10,044	10,054
Taxation	91,216	94,634
Social security	12,406	10,979
Other creditors	58,447	50,921
Accruals	84,929	146,145
	<u>969,254</u>	<u>915,668</u>

14. CREDITORS: amounts falling due after more than one year

	1999 £000	1998 £000
Obligations under finance leases (note 15)	<u>1,924</u>	<u>2,486</u>

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1999 £000	1998 £000
Amounts payable:		
within one year	2,442	1,514
within two to five years	1,924	2,486
	<u>4,366</u>	<u>4,000</u>

ASDA Stores Limited

NOTES TO THE ACCOUNTS

at 1 May 1999

16. PROVISION FOR LIABILITIES AND CHARGES

	1999 £000	1998 £000
Deferred taxation (note 17)	25,814	37,628
Provisions (note 18)	11,171	35,129
	<u>36,985</u>	<u>72,757</u>

17. DEFERRED TAXATION

Amount provided

	<i>Accelerated capital allowances £000</i>	<i>Short term timing differences £000</i>	<i>Total £000</i>
At 2 May 1998	55,063	(17,435)	37,628
Transfer to profit and loss account	(18,949)	7,135	(11,814)
At 1 May 1999	<u>36,114</u>	<u>(10,300)</u>	<u>25,814</u>

Provision has been made for Corporation Tax at 30.9% on timing differences which are expected to reverse in the foreseeable future.

Full potential liability

	<i>Accelerated capital allowances £000</i>	<i>Short term timing differences £000</i>	<i>Total £000</i>
At 2 May 1998	85,069	(17,435)	67,634
Arising during the year	16,792	7,134	23,926
At 1 May 1999	<u>101,861</u>	<u>(10,301)</u>	<u>91,560</u>

18. PROVISIONS

	<i>Provision for onerous lease contracts £000</i>
At 2 May 1998	35,129
Utilised during the year	(23,958)
At 1 May 1999	<u>11,171</u>

ASDA Stores Limited

NOTES TO THE ACCOUNTS

at 1 May 1999

18. PROVISIONS (continued)

Lease purchase provisions represent provisions against the cost of withdrawal from leases relating to those properties which, in the opinion of the directors have a limited future economic life.

19. CALLED UP SHARE CAPITAL

Authorised

At 1 May 1999 and 2 May 1998

	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	29,000,000	29,000
Redeemable ordinary shares of £1 each	721,000,000	721,000
	<u>750,000,000</u>	<u>750,000</u>

Allotted, called up and fully paid
At 1 May 1999 and 2 May 1998

	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	28,008,978	28,009
Redeemable ordinary shares of £1 each	556,856,000	556,856
	<u>584,864,978</u>	<u>584,865</u>

Ordinary redeemable shares

The ordinary redeemable shares rank in all respects *pari passu* with, and have the same rights as, the ordinary shares except that they are redeemable at par together with any arrears or accruals of dividend calculated down to and including the due date for redemption.

The redeemable shares are redeemable at the option of the company on or before 31 December 2099.

20. RESERVES

	<i>Share premium account £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 2 May 1998	260	115,245	865,108	980,613
Profit for the year	-	-	251,619	251,619
At 1 May 1999	<u>260</u>	<u>115,245</u>	<u>1,116,727</u>	<u>1,232,232</u>

NOTES TO THE ACCOUNTS
at 1 May 1999

21. **FINANCIAL COMMITMENTS**

The directors have authorised future capital expenditure which amounts to:

	1999 £000	1998 £000
Contracted	16,417	14,999

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

	1999 £000	1998 £000
Amounts payable: after more than five years	40,143	37,805

22. **PENSIONS**

ASDA Group plc operates a defined contribution pension plan for hourly paid colleagues, the assets of which are invested with The Prudential Life Assurance Company.

ASDA Group plc also operates two defined benefit schemes for full and part time salaried colleagues, 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 colleague members in difference 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.

Full details of the pension schemes and the most recent actuarial valuation are included in the accounts of ASDA Group plc.

The total pension cost to the company was £14,978,000 (1998 - £12,508,000).

23. **RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of ASDA Group plc and is therefore exempt from disclosing transactions with other group companies.

There were no other related party transactions in the year.

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 and Wales.

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