McLagan Investments Limited

Reports and Financial Statements
31 December 2014

Registered Number: 2127156

DIRECTORS
A J Clarke
K Hubbard Resigned 31 March 2014
R Mayfield Resigned 2 February 2014
A Russo Appointed 2 February 2014

SECRETARY
A Simpson

AUDITORS
Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

REGISTERED OFFICE
ASDA House
Southbank
Great Wilson Street
Leeds
LS11 5AD

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

Registered No. 2127156

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activities of the company are retail property investment, development and management. The business will continue to trade on the same basis for the foreseeable future.

The company holds the title for a number of trading site properties and receives rental income in relation to these sites from fellow group undertakings of ASDA Group Limited ("the Group"). For an assessment of the risks and uncertainties which are applicable to the Group, as tenants to the company, please refer to the ASDA Group Limited consolidated financial statements.

Due to the inter-company nature of the business, key performance indicators are not applicable.

RESULTS AND DIVIDENDS
The profit on ordinary activities after taxation amounted to £200,604,000 (2013: £176,857,000). Profit on ordinary activities in the year includes a charge of £36,067,000 in respect of the disposal of a subsidiary, detailed in note 2.

No dividends were paid in the year (2013: £65,000,000).

KEY PERFORMANCE INDICATORS, RISKS AND UNCERTAINTIES
The key performance indicators of ASDA Group Limited (the "Group"), which includes this company, are noted in the Strategic Report of the Group's Report and Financial Statements, which does not form part of this Report.

On behalf of the board

A Russo
Director
31 July 2015

Registered No. 2127156

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2014.

FUTURE DEVELOPMENTS
The company's future developments are detailed in the Strategic Report on page 2.

GOING CONCERN
The financial statements are prepared on the going concern basis as the immediate holding company has agreed that it will continue to provide financial support to this company to enable it to meet its liabilities as they fall due.

DIRECTORS' LIABILITIES
ASDA has granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' Report.

The indemnity is controlled and paid centrally by the ultimate parent Company. However a proportion of this indemnity is paid by the Group.

For a list of directors who held office during the year please refer to the beginning of these financial statements.

DIVIDENDS
Dividends paid are detailed in the Strategic Report on page 2.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS
A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the members at the Annual General Meeting.

On behalf of the board

Alejandro Russo

A Russo
Director
31 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAGAN INVESTMENTS LIMITED

We have audited the financial statements of McLagan Investments Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, Note of Historical Cost Profit and Losses, Reconciliation of Shareholder's Funds and Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Christabel Cowling (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
31 July 2015

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

	Notes	Year Ended 31 December 2014 £'000	Year Ended 31 December 2013 £'000
Operating costs	2	(94,360)	(72,582)
Other income	3	421,694	409,504
Operating profit		327,334	336,922
Interest receivable	5	665	626
Interest payable	6	(114,702)	(127,017)
Profit on ordinary activities before taxation		213,297	210,531
Taxation	7	(12,693)	(33,674)
Profit for the financial year		200,604	176,857

There were no recognised gains and losses other than the profit for the year ended 31 December 2014 of £200,604,000 (2013: £176,857,000).

The results above are all attributable to continuing operations.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 December 2014

	Year Ended 31 December 2014 £'000	*Year Ended 31 December 2013 £'000*
Profit on ordinary activities before taxation	213,297	210,531
Adjustment to depreciation on historical cost basis	(3,805)	(3,935)
Historical cost profit on ordinary activities before taxation	209,492	206,596
Historical cost profit after taxation	196,799	172,922

RECONCILIATION OF SHAREHOLDER'S FUNDS
for the year ended 31 December 2014

	Year Ended 31 December 2014 £'000	*Year Ended 31 December 2013 £'000*
Shareholder's funds at beginning of year	1,464,131	1,352,274
Profit for the financial year	200,604	176,857
Dividends paid	-	(65,000)
Shareholder's funds at end of year	1,664,735	1,464,131

BALANCE SHEET
as at 31 December 2014

	Notes	*31 December 2014 £'000*	*31 December 2013 £'000*
FIXED ASSETS			
Intangible fixed assets	8	13,927	23,983
Tangible fixed assets	9	3,840,013	3,502,765
Investments	11	187,167	208,549
		4,041,107	3,735,297
CURRENT ASSETS			
Debtors	12	11,447	31,013
Cash at bank and in hand		557	558
Operating lease prepayments: amounts due within one year	10	43	23
Operating lease prepayments: amounts due after more than one year	10	1,106	1,170
		13,153	32,764
CREDITORS: amounts falling due within one year	13	(2,376,390)	(2,152,695)
NET CURRENT LIABILITIES		(2,363,237)	(2,119,931)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,677,870	1,615,366
CREDITORS: amounts falling due after more than one year	14	-	(126,500)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(13,135)	(24,735)
NET ASSETS		1,664,735	1,464,131
CAPITAL AND RESERVES			
Called up share capital	16	267,600	267,600
Share premium	17	347,569	347,569
Revaluation reserve	17	181,792	181,792
Profit and loss account	17	867,774	667,170
TOTAL SHAREHOLDER'S FUNDS		1,664,735	1,464,131

The financial statements were approved by the Board of Directors and signed on its behalf by:

A Russo
Director
31 July 2015

NOTES TO THE ACCOUNTS
as at 31 December 2014

1. ACCOUNTING POLICIES

Accounting convention
The financial statements are prepared on the going concern basis as the immediate holding company has agreed that it will continue to provide financial support to this company to enable it to meet its liabilities as they fall due.

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

Group financial statements
In accordance with the exemptions allowed by section 400 of the Companies Act 2006, the company has prepared accounts on a stand alone basis. Group accounts have been prepared by ASDA Group Limited, the immediate parent undertaking.

Cash flow statement
In accordance with FRS 1 *'Cash Flow Statements'*, no cash flow statement has been prepared as the company is a wholly owned subsidiary undertaking of ASDA Group Limited, which produces a consolidated cash flow statement.

Other income
Other income represents rents receivable from other group undertakings, recognised on an accruals basis and distributions received in respect of partnership profits.

Interest income and expense
Interest income and expenses are recognised on an accruals basis, monthly and on a compound basis.

Intangible assets
Intangible assets acquired are carried initially at cost. Following initial recognition, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives, with charges included in operating costs, as follows:

Lease buy out costs over expected term of lease.

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 purchased prior to 1 June 1999, which have been included at valuation as at 1 June 1999 less depreciation and amounts written off.

In accordance with the transitional provisions of FRS 15 *'Tangible Fixed Assets'*, the directors have elected to freeze all future revaluations and the revalued assets have not been restated to their historical cost.

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

Freehold property	-	20 - 50 years
Long leasehold property	-	20 - 50 years
Short leasehold property	-	over lease term

There is no depreciation on freehold land.

1. ACCOUNTING POLICIES (CONTINUED)

Capitalisation of interest
Interest costs relating to the financing of properties in the course of construction for trading occupation by the company or fellow group companies are capitalised gross.

Interest costs incurred in funding land and construction work in progress in respect of property development projects are capitalised during the year of development. The interest rate applied is based on the average rate of general borrowings outstanding during a period. This was 6.0% during the year ended 31 December 2014 (2013: 6.1%).

All other interest is recognised through the Profit and Loss Account on an accruals basis.

Investments
Investments in subsidiary undertakings and partnerships are stated at cost less amounts written off. Provision against the underlying value of investments in subsidiaries is made where, in the opinion of the directors, there is impairment to the value of the underlying business.

Debtors
Amounts receivable from group undertakings are interest bearing (6%), unsecured, with no fixed repayment date.

Debtors and creditors are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Interest receivable or payable is charged and would be settled on the net balance.

Trade and other creditors
Trade and other creditors, other than intercompany loans, are not interest bearing and are stated at their nominal value.

Amounts payable to group undertakings are interest bearing (6%), unsecured, with no fixed repayment date.

Debtors and creditors are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Interest receivable or payable is charged and would be settled on the net balance.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee
Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Other leases are classified as operating leases.

Operating Leases
Rental payments and prepayments are taken to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised in the profit and loss account over the lease term.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation
Taxation comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. OPERATING COSTS

Operating profit is stated after charging/(crediting):

	Year Ended 31 December 2014 *£'000*	*Year Ended 31 December 2013* *£'000*
Profit on disposal of fixed assets	(18,487)	(1,467)
Depreciation of tangible fixed assets (note 9)	45,143	71,574
Management fee income	(200)	(200)
Management fee expense	1,054	158
Rental charges - land and buildings	6,229	1,380
Amortisation of lease prepayments	(884)	928
Amortisation of intangibles (note 8)	56	209
Impairment of investments (note 11)	21,382	-
Adjustment to profit on disposal of subsidiary	36,067	-
Other costs	4,000	-
	94,360	72,582

McLagan Investments Limited is guarantor for the ASDA Group Pension Scheme, for which it has received a fee of £200,000 (2013: £200,000). This is included within management fees above.

Following the completion of a review of the accounting treatment of Gazeley Holdings UK Limited, and its subsidiaries Gazeley Limited and Gazeley UK Limited during the year, the Company agreed an adjustment of £36,067,000 to the profit on disposal in relation to the sale of Gazeley Limited and its subsidiary Gazeley UK Limited. The effect of this adjustment was to reduce the overall profit on disposal recognised on that transaction.

3. OTHER INCOME

	Year Ended 31 December 2014	*Year Ended 31 December 2013*
	£'000	*£'000*
Rent	400,312	389,273
Partnership distributions	21,382	20,231
	421,694	409,504

4. DIRECTORS' AND AUDITOR'S REMUNERATION

The directors did not receive any remuneration for their qualifying services as statutory directors of the company during the year. The directors provided qualifying services to other group companies and their remuneration is paid and disclosed in the financial statements of ASDA Stores Limited (2013: £nil). Other than the directors, the company does not have any employees (2013: nil).

The company's audit costs of £5,000 (2013: £5,000) are paid by ASDA Stores Limited.

5. INTEREST RECEIVABLE

	Year Ended 31 December 2014	*Year Ended 31 December 2013*
	£'000	*£'000*
Interest receivable from group undertakings	665	626

6. INTEREST PAYABLE

	Year Ended 31 December 2014	*Year Ended 31 December 2013*
	£'000	*£'000*
Interest payable to group undertakings	121,995	134,364
Interest capitalised	(7,293)	(7,347)
	114,702	127,017

7. TAXATION

The charge for UK corporation tax for the year arises as follows:

	Year Ended 31 December 2014 £'000	*Year Ended 31 December 2013 £'000*
CURRENT TAX		
UK corporation tax on profit for the year	28,631	36,451
Adjustments in respect of prior periods	(4,338)	(60)
TOTAL CURRENT TAX	24,293	36,391
DEFERRED TAX		
Deferred tax on profits of the year	(556)	1,004
Adjustments in respect of previous periods	(11,083)	-
Effect of rate change	39	(3,721)
TOTAL DEFERRED TAX (note 15)	(11,600)	(2,717)
TAX ON PROFIT ON ORDINARY ACTIVITIES	12,693	33,674

A reconciliation of the current tax charge compared to the standard rate of corporation tax in the UK of 21.493% (2013: 23.247%) applied to the profit on ordinary activities before tax is as follows:

	Year Ended 31 December 2014 £'000	*Year Ended 31 December 2013 £'000*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	213,297	210,531
PROFIT ON ORDINARY ACTIVITIES MULTIPLIED BY THE STANDARD RATE OF UK CORPORATION TAX 21.493% (2013: 23.247%)	45,844	48,942
Effects of:		
Non qualifying depreciation	7,588	15,743
Decelerated capital allowances and other timing differences	556	(1,004)
Gain on asset disposals	(2,039)	(341)
Permanent differences	6,740	(857)
Group relief received not paid for	(30,058)	(26,032)
Prior period adjustments	(4,338)	(60)
CURRENT TAX CHARGE FOR YEAR	24,293	36,391

The Finance Act 2013 enacted that the main rate of corporation tax effective from 1 April 2014 will be 21% and that a further reduction of 1% will then bring the main rate of corporation tax to 20% from 1 April 2015. This received Royal Assent on 17 July 2013.

Deferred tax has therefore been provided at 20%.

NOTES TO THE ACCOUNTS
as at 31 December 2014

8. INTANGIBLE ASSETS

	Lease buy out costs £'000
COST	
At 1 January 2014	25,000
Reclassification	(10,000)
At 31 December 2014	15,000
AMORTISATION	
At 1 January 2014	1,017
Amortisation during the year	56
At 31 December 2014	1,073
NET BOOK VALUE	
At 31 December 2014	13,927
At 31 December 2013	23,983

Lease buy out costs are being amortised over the term of the lease.

Reclassifications during the year

Following a review of lease buyouts previously included within intangible assets, an item with a gross cost of £10,000,000 and accumulated depreciation of £nil was reclassified to tangible fixed assets during the year due to the nature of that particular asset (see note 9.)

9. TANGIBLE FIXED ASSETS

	Freehold properties £'000	*Leasehold properties* £'000	*Assets under construction* £'000	*Total* £'000
COST				
At 1 January 2014	4,005,749	250,369	13,041	4,269,159
Additions	231,384	-	71,210	302,594
Disposals	(25,943)	(14,391)	(16,179)	(56,513)
Transfers from other group undertakings	31,312	9,580	61,460	102,352
Reclassification	10,000	-	-	10,000
At 31 December 2014	4,252,502	245,558	129,532	4,627,592
Cost or valuation at the end of the year is represented by:				
Valuation	1,327,232	-	-	1,327,232
Cost	2,925,270	245,558	129,532	3,300,360
	4,252,502	245,558	129,532	4,627,592
DEPRECIATION				
At 1 January 2014	619,382	147,012	-	766,394
Charge for the year	40,641	4,502	-	45,143
Disposals	(14,892)	(11,527)	-	(26,419)
Transfers from other group undertakings	1,147	1,314	-	2,461
At 31 December 2014	646,278	141,301	-	787,579
NET BOOK VALUE AT 31 DECEMBER 2014	3,606,224	104,257	129,532	3,840,013
NET BOOK VALUE AT 31 DECEMBER 2013	3,386,367	103,357	13,041	3,502,765

Reclassifications during the year

Following a review of lease buyouts previously included within intangible assets, an item with a gross cost of £10,000,000 and accumulated depreciation of £nil was reclassified to tangible fixed assets during the year due to the nature of that particular asset (see note 8.)

9. TANGIBLE FIXED ASSETS (CONTINUED)

Revaluations

Food retailing properties acquired before 1 June 1999 were revalued at 1 June 1999 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 Institute of Chartered Surveyors, with the exception of certain superstores which, in the opinion of the directors, had a limited future economic life in existing use. In respect of these properties, the directors estimated their lower, alternative use value.

In accordance with the transitional provisions of FRS 15 'Tangible Fixed Assets', the directors have elected to freeze all future revaluations and the revalued assets have not been restated to their historical cost.

The cumulative amount of capitalised interest included in the cost of fixed assets is £180,393,000 (2013: £173,100,000). Additions in the year include capitalised interest of £7,293,000 (2013: £7,347,000).

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

	31 December 2014 £'000	*31 December 2013 £'000*
Freehold properties	1,145,440	1,145,440

10. OPERATING LEASE PREPAYMENTS

		31 December 2014 £'000	*31 December 2013 £'000*
Operating lease prepayments	- non current	1,106	1,170
	- current	43	23
		1,149	1,193

Prepayments are amortised over the lease term.

11. INVESTMENTS

	£'000
Cost and net book value at 1 January 2014	208,549
Impairment	(21,382)
Cost and net book value at 31 December 2014	187,167

During the year, the Company fully impaired its investment in Isis Reach Belvedere Partnership, a Limited Partnership registered in England and Wales and 100% owned by the company which was dissolved during the year.

Subsidiary undertakings

	Country of incorporation	*% of equity held*
The Burwood House Group Limited*	United Kingdom	100

* Indicates direct ownership

12. DEBTORS

	31 December 2014 £'000	*31 December 2013 £'000*
Amounts receivable from group undertakings	11,447	31,013

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2014 £'000	*31 December 2013 £'000*
Amounts payable to group undertakings	2,307,135	2,108,262
Corporation tax	28,571	36,392
Other creditors	40,684	8,041
	2,376,390	2,152,695

As at 31 December 2014, amounts payable to group undertakings were in Sterling at a fixed rate of interest, and repayable on demand. The fixed interest rate of debt is 6% (2013: 6%).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2014 £'000	*31 December 2013 £'000*
Amounts owed to fellow subsidiary of ultimate parent undertaking	-	126,500
	-	126,500

15. PROVISIONS FOR LIABILITIES AND CHARGES

	31 December 2014 £'000	31 December 2013 £'000
Deferred Tax Provision:		
Accelerated capital allowances	13	16
Other term timing differences	(13,148)	(24,751)
	(13,135)	(24,735)

	Total £'000
MOVEMENT IN DEFERRED TAX PROVISION	
At 1 January 2014	(24,735)
Deferred tax credit in profit and loss account (note 7)	11,600
At 31 December 2014	(13,135)

No provision has been made for deferred tax on potential capital gains which would arise as a consequence of the disposal of properties at revalued amounts as any capital gain should be covered by indexation allowance, rollover relief or capital losses. The Company considers it impractical to quantify the amount of tax which would become payable if rollover relief was not available.

Corporation tax of £37,300,000 (2013: £37,300,000) has been deferred as a consequence of rollover relief claims made in respect of the disposal of certain fixed assets in prior periods.

No provision has been made for deferred tax on accumulated capital losses in the company of £89,332,320 (2013: £89,629,457) as the likelihood of future use cannot be determined with certainty.

The Finance Act 2013 enacted that the main rate of corporation tax effective from 1 April 2014 will be 21% and that a further reduction of 1% will then bring the main rate of corporation tax to 20% from 1 April 2015. This received Royal Assent on 17 July 2013.

Deferred tax has therefore been provided at 20%.

16. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid At 31 December 2013 and 31 December 2014	*No.*	*£'000*
Ordinary shares of £1 each	100,000	100
Ordinary redeemable shares of £1 each	267,500,000	267,500
	267,600,000	267,600

Redeemable ordinary shares
The redeemable ordinary 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 up to and including the due date for redemption. The shares are redeemable at the option of the company on or before 31 December 2099.

17. RESERVES

	Share premium *£'000*	*Revaluation reserve* *£'000*	*Profit and loss account* *£'000*	*Total* *£'000*
At 1 January 2014	347,569	181,792	667,170	1,196,531
Profit for the year	-	-	200,604	200,604
At 31 December 2014	347,569	181,792	867,774	1,397,135

No dividends were paid in 2014 (2013 total dividends: £65,000,000, 24.3 pence per share).

18. CAPITAL AND FINANCIAL COMMITMENTS

As at 31 December 2014, the Company had entered into contracts to purchase property, plant and equipment for £55,500,000 (2013: £48,900,000).

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 8 "*Related Party Disclosures*" from disclosing transactions with other wholly owned subsidiaries of the Broadstreet Great Wilson Europe Limited group.

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is ASDA Group Limited, a company incorporated in England and Wales.

The smallest group at which consolidated financial statements are prepared is ASDA Group Limited. Copies of these financial statements are available from the registered office, ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD.

In the directors' opinion, the ultimate parent undertaking and controlling party is Wal-Mart Stores, Inc. which is incorporated in the USA. Copies of its consolidated financial statements, which include this company, can be obtained from the Company Secretary, Wal-Mart Stores, Inc., Corporate Offices, 702 SW 8th Street, Bentonville, AR72716, USA.