ASDA Group Limited

Directors' report and financial statements

Registered number 1396513

31 December 2009

DIRECTORS

A J Bond	
D Smith	(resigned 31 January 2009)
J J Mckenna	
A Clarke	
D Blackhurst	
R Bendel	
A Thompson	(resigned 30 March 2010)
D Gurr	
C Kuchmad	(appointed 1 December 2009)
A J Moore	(appointed 30 March 2010)

SECRETARY
E Doohan

AUDITORS
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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2009

Principal activities

The principal activities of ASDA Group Limited and its subsidiaries (together referred to as "the Group") are the retailing of food, clothing, home and leisure products and services throughout the United Kingdom During the prior year the Group disposed of its property development business, Gazeley Limited

Group profit and dividends

Group profit after taxation for the year was £650 2m, an increase of £23 0m on the previous year However, the prior year result was significantly affected by the profit on disposal of the Group's property development business, Gazeley Limited, of £216 7m Excluding the impact of this disposal, profit for the year from continuing operations has increased by £241 4m year on year This result is flattered by a decrease in technical assistance, services and royalties paid to the Group's ultimate parent company, Wal-Mart Stores, Inc of £68 5m In addition there is a reduction in the accounting adjustment in respect of share option costs, in accordance with IFRIC 11 'Group and Treasury Share Transactions', which has given rise to a year on year decrease in share option costs of £99 4m The share option charge will vary year on year as a result of changes in external market conditions including exchange rates and the Wal-Mart Stores, Inc share price

The decrease in technical assistance, services and royalties paid to Wal-Mart Stores, Inc is mainly driven by the revised royalty agreement, which is described within note 29 to these financial statements The share options adjustment required in these financial statements is a consequence of the Group's employees being granted share options in the ultimate parent, Wal-Mart Stores, Inc , and results in the options being treated as if they are cash settled, despite them being equity settled by Wal-Mart Stores, Inc This adjustment is eliminated in the consolidated financial statements of Wal-Mart Stores, Inc and would not be required if the Group was granting options on its own shares in a way consistent with UK public limited companies

During the year, the defined benefit pension obligation has increased to £210 0m from £29 4m, as a result of the impact of changes in market conditions on the actuarial assumptions used to value the obligation The movement is primarily driven by increased inflation rates and decreased interest rates year on year, partially offset by an improvement in the performance of the scheme's assets The Group continues to liaise with the pension scheme trustees and the scheme actuary to actively manage the ongoing defined benefit pension obligation

Dividends paid in the year were £180 0m (2008 £160 0m) The dividends were paid to the Group's UK parent company

On 6 August 2009, as part of a group reconstruction, the Group disposed of a subsidiary company Corinth Services Limited, to its immediate parent company, Wal-Mart Stores (UK) Limited, in exchange for intercompany debt of £753 2m The consideration of £753 2m was equal to the value of net assets disposed, and hence gave rise to nil gain or loss on disposal Following this restructure, on 21 August 2009, Corinth Services Limited changed its name to Corinth Investments Limited The restructure was performed to improve the financial and administrative efficiency of the Group, without impacting the amount of tax payable by the overall UK group

As a result of the group reconstruction, the 2009 year end intercompany receivables balance includes the above balance due from Wal-Mart Stores (UK) Limited of £753 2m In addition, all intercompany payables due to Corinth Investments Limited are included in the 2009 year end payables balance, as Corinth Investments Limited is no longer part of ASDA Group Limited Given the magnitude of the amounts owed by group entities and to fellow subsidiaries as at 31 December 2009, the intercompany receivables and intercompany payables balances have been disclosed on the face of the balance sheet

Business review and future developments

ASDA delivered a strong performance in 2009, with its highest ever market share and profit growth ahead of sales growth This has been achieved by giving customers great quality products at outstanding value at a time when they needed it most

2009 was another difficult year for consumers, confidence fell as people worried about unemployment and customers chose to use any extra money they had to pay down debt and save more

Directors' report *(continued)*

Business review and future developments *(continued)*

In this context ASDA's strategy of being the lowest cost to operate supermarket proved effective once again With customers prioritising their spend more than ever, seeking out value for every pound, ASDA continued to lower prices across the weekly shop, maintaining its position as price leader in the UK supermarket sector

Financial highlights

- Like-for-like sales growth of 6 0% (excluding petrol and VAT)
- Sales outperformance versus the market for fifteen successive quarters to 31 December 2009 (source TNS)
- Operating profit growth ahead of sales growth
- Market share up 0 3% on prior year to 17 1% (source TNS, total till roll 52 weeks to 27 December 2009)

Operational highlights

- ASDA maintained its price leadership for every week of the year, according to the independent price checker mysupermarket co uk In addition, in June, ASDA won The Grocer Magazine's lowest supermarket for a twelfth successive year, by a record margin
- All parts of the business - food, home and leisure and clothing - performed ahead of their respective markets, with George becoming the highest volume clothing retailer in the UK in November 2009
- ASDA continued to make significant strides forward on quality, winning over 320 quality awards including multiple award winning Wine and Cheese ranges
- ASDA has the longest serving colleagues in retail, this market-leading experience is enabling ASDA to provide customers with even better levels of service
- Expenses as a percentage of sales declined as the ASDA we operate for less programme continued to deliver efficiencies in stores, distribution centres and the home office

Delivering foundations for future growth

- Fifteen new stores opened during the year, of which three were ASDA Living
- ASDA's grocery home shopping sales are growing rapidly, supported by the launch of a new web platform and dedicated picking centre, and now cover over 97% of the UK population
- ASDA's non-food internet platform continued to be developed and now stocks over a million products, many of which can be ordered online and collected in store

In the context of an uncertain economic outlook, the ASDA purpose to save customers money every day remains highly relevant to customers The strong performance in 2009 reflects the consistency in the ASDA model of low prices, great products, low costs and great colleagues

On 27 May 2010, the Group announced the purchase of Netto Foodstores Limited The transaction, which remains subject to regulatory approval, will enable ASDA to convert Netto's UK locations into ASDA stores and integrate them into its new supermarkets division The post balance sheet events note provides further details

Risks and uncertainties

Risk is an inevitable part of business One of the ongoing challenges facing the Group is the identification of principal risks, assessment of their likelihood and consequence, and development and monitoring of appropriate controls The Group's Board has overall responsibility for risk management and ensuring that this is aligned with business strategy and objectives The Board is supported by a Risk and Audit Committee that meets quarterly to review the corporate risk map

Directors' report *(continued)*

Risks and uncertainties *(continued)*

Key risks and mitigating actions are set out below

- **Competitive risk**
  In the highly competitive retail industry, success depends on satisfying changing customer needs better than the competition ASDA has a brand reputation for delivering a broad range of products at the lowest prices, and failure to deliver on this could lead to a loss of trust

  This understanding is achieved through regular monitoring of relevant data on aspects such as price position in the market, product availability and other measures of quality and service that are important to ASDA's customers The Group constantly monitors market information to understand its position relative to competitors and enable appropriate action to be taken on a timely basis

- **Financial risk**
  The Group's principal financial risk is ensuring that funds are available at the right time to meet business needs This risk is managed by the Treasury function, which forecasts cash flows and ensures that adequate short term borrowing facilities are in place to meet liabilities to suppliers, colleagues and investors

  Certain transactions with suppliers and with the Group's ultimate parent undertaking are denominated in foreign currency The Treasury function uses information from around the business to forecast the timing and level of foreign currency requirements and buys forward accordingly It is the policy of the Group not to buy or hold foreign currency speculatively

  The Group operates a number of pension arrangements for its employees including a defined benefit pension scheme This is subject to risk in relation to its pension deficit which is shown as a liability on the balance sheet The Group mitigates this risk through consultation with the pension scheme trustees to identify appropriate long term funding solutions for the scheme To further minimise this risk, the trustees appointed a new fund manager in 2009 with delegated responsibility for managing 20% of the scheme's assets using a liability driven investment approach

- **Supplier risk**
  The economic climate is becoming more challenging for our suppliers and customers This puts increased importance on the strength of our control processes and our ability to recognize and respond to supplier issues The Group has set up a periodic review process of supplier risk to identify issues, develop appropriate action plans and improve our controls in relation to supplier monitoring

- **Reputational risk**
  The key to ASDA's success as a business is the loyalty and goodwill shown by customers, suppliers and colleagues

  Failure to protect the business's reputation could lead to a loss of trust in the ASDA brand and consequently erode this loyalty The Group regularly engages with customers, both directly and through the monitoring of available external data, in order to ensure that the business does not damage customer perception

  The Group operates on terms with suppliers that are mutually agreed and updated as appropriate to reflect changes in the two parties' respective needs To preserve the goodwill of colleagues all colleagues are involved in shaping the Group's People strategy through initiatives such as the annual 'We're Listening Survey' which provide them with the opportunity to give feedback on all aspects of working at ASDA

  Reputational risk is also monitored via the corporate risk mapping process If issues arise the Group reviews existing plans to ensure that the right mitigation is in place When matters arise they are managed by tried and tested methods, allowing the rest of the business to focus on the job of delivering for its customers

Directors' report *(continued)*

Risks and uncertainties *(continued)*

- **Business continuity risk**
  Detailed disaster recovery plans are in place in the event of an incident which could severely affect the Group's ability to trade These plans are regularly tested and updated

- **Regulatory risk**
  The Group recognises that it operates in an environment where it can be greatly impacted by changes in Government policy In response to this, ASDA continues to risk assess all regulatory developments and test compliance with internal processes designed to mitigate risks Current processes and procedures continue to be reviewed and where required improvements are made

- **Environmental risk**
  As a retailer, the Group recognises that it has a responsibility to minimise the adverse impact that its business activities have on the environment Failure to do this may result not only in adverse environmental impacts, but also financial penalties and long term damage to reputation

  In line with Wal-Mart's global strategy, ASDA's sustainability work plan falls under three aspirational targets to be supplied 100% by renewable energy, to create zero waste and to sell products that sustain our natural environment and resources To protect our lowest cost to operate model and to act in a responsible way, the Group has set measurable targets and objectives in each of these areas

  Over the past two years, ASDA has reduced its carbon emissions output by 83,000 tonnes To reduce fleet emissions, ASDA has introduced the use of double-decked trailers, and increased the use of rail as an alternative to road freight ASDA's first 'eco-depot' opened in July 2009 in Didcot, Oxfordshire, constructed using eco-friendly sustainable timber, reclaimed brick and on a previously brownfield site

- **Fraud risk**
  The Group has a control framework in place to help detect potential fraud and dishonest activity The ASDA-Wal-Mart Statement of Ethics also provides clear guidance to colleagues on appropriate behaviour, including guidance on how to raise any business conduct concerns they may have through the Open Door Communication Process or through the local Ethics Committee

International Financial Reporting Standards (IFRS)

Until 17 September 2007, an element of the Group's debt securities were listed on the London Stock Exchange, which meant that the Group prepared its consolidated financial statements under IFRS as required by EU regulation After this date these debt securities were migrated from the Main Market to the Professional Securities Market of the London Stock Exchange This migration removed the requirement for the Group financial statements to be prepared under IFRS However the Group has elected to maintain IFRS as its applicable GAAP

The Group's individual financial statements, and those of its subsidiaries, continue to be prepared under UK GAAP

Events since the balance sheet date

An interim dividend of £230 0m (7 33p per share) was paid on 29 January 2010 and will be accounted for as an appropriation of retained earnings in the year ended 31 December 2010

On 31 March 2010, an Advance Pricing Agreement, which would determine the amount of royalty paid to Wal-Mart Stores, Inc each year, received formal approval from the appropriate UK and US authorities These changes included revisions to royalties charged in prior years, which has resulted in the company recognising a reduction of royalties for prior years of £114 9m in these financial statements, and accordingly a net increase in tax liability and tax charge The changes follow discussions with UK and US authorities over a number of years The revision of the royalty agreement is one off in nature and is not expected to recur During the year the underlying royalty payments made to Wal-Mart Stores, Inc excluding this refund, increased by £46 0m

Directors' report *(continued)*

Events since the balance sheet date *(continued)*

On 27 May 2010, the Group announced it had reached agreement with Dansk Supermarked A/S to purchase its fully owned subsidiary, Netto Foodstores Limited The transaction, which remains subject to regulatory approval, will enable it to convert Netto's UK locations into ASDA stores and integrate them into its new supermarkets division for units smaller than 25,000 square feet

On 22 June 2010, the UK government announced its intention to propose that Parliament reduce the UK corporate income tax rate from 28% to 24% over a period of four years commencing 1 April 2011 As of 31 December 2009, the tax rate changes were not substantively enacted If these changes had been substantively enacted, the maximum effect on the deferred tax liability as at 31 December 2009 would have been a decrease of approximately £20 0m and a decrease on the deferred tax expense of approximately £20 0m

Financial instruments

The Group's financial risk management objectives and policies are further discussed in notes 1 and 21

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value

No adjustments have been made to the capital structure of the Group in recent years and no changes have been made to the Group's objectives, policies or processes during 2009 or 2008

As a wholly owned subsidiary, the capital of the Group is monitored in accordance with the overall capital management policy of the ultimate parent company

Research and development

Essential to the Group's success is the delivery of fresh, innovative, good value products which are unique to ASDA Buying teams, food technologists and marketers, working closely with suppliers, are continuously searching to improve the quality of the Group's products and to develop new ideas, many of which are sold under the ASDA brand, Smartprice, Extra Special and George labels

Policy and practice on payment of creditors

The Group deals with over ten 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 Group's policy to abide by these terms when satisfactory invoices have been received The parent company has no trade creditors in its balance sheet

Political and charitable contributions

During the year, cash donations to charitable organisations and other community projects totalled £9 3m (2008 £8 3m) ASDA's colleagues, customers, and suppliers have collectively raised monies through events including BBC Children In Need, Tickled Pink (supporting Breast Cancer Care & Breast Cancer Campaign), Sporting Chance, Pedal Power and Tommy's, the baby charity ASDA Foundation, ASDA's charitable company, also supported a range of local charities and sustainable local projects These projects are local "cause-related activities" contributing to local charities or causes that our colleagues wish to support

The Group did not make any political donations during the year (2008 £nil)

Directors' report *(continued)*

Disabled colleagues

ASDA is proud to work in partnership with Remploy, one of the UK's leading providers of specialist employment services for disabled people and people facing complex barriers to employment Working with Remploy, the Group has recruited over 1,000 disabled colleagues, helping them transform their lives through meaningful and sustainable employment, while delivering on the Group's commitment to recruit and retain colleagues who reflect the customers and the communities that ASDA serves

The Group is committed to providing equal employment opportunities for all sections of society and gives full and equal consideration to disabled job applicants who have the suitable skills, abilities and potential to fulfil a role

If an existing colleague becomes disabled, it is the Group's policy, wherever possible, to work with the individual to provide suitable and continuing employment under normal terms and conditions The Group is committed to providing equal access to training, career development and promotion to its disabled colleagues

Colleague involvement

During the year, the policy of providing colleagues with information about the Group was continued through briefings on the ASDA internal website Regular meetings are held between local management and colleagues to allow a free flow of information and ideas

Directors' liabilities

The Group 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

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed at the front of the directors' report and financial statements Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and

- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Re-appointment of auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board

JJ Mckenna
Director
6 July 2010

ASDA House
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Great Wilson Street
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Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period In preparing the Group financial statements the directors are required to In preparing these financial statements, the directors are required to

- select suitable accounting policies, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance,
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of ASDA Group Limited

We have audited the consolidated financial statements of ASDA Group Limited for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 29 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the group 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 group'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

Opinion on financial statements
In our opinion the group financial statements
- give a true and fair view of the state of the group's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the group financial statements are prepared is consistent with the group 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
- 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

Other matter
We have reported separately on the parent company financial statements of ASDA Group Limited for the year ended 31 December 2009

Ernst & Young LLP

Liz Barber (Senior Statutory Auditor)
for and on behalf of Ernst &Young LLP
Leeds
6 July 2010

Consolidated income statement - by function of expense
for the year ended 31 December 2009

	Notes	31 December 2009 £m	31 December 2008 £m
Continuing operations			
Revenue	2	19,836 4	18,572 8
Operating costs	3	(18 937 3)	(17,971 0)
Operating profit		899 1	601 8
Financial income	7	10 8	35 1
Financial costs	7	(111 2)	(116 5)
Profit on ordinary activities before tax		798 7	520 4
Income tax expense	8	(148 5)	(111 6)
Profit for the year from continuing operations		650 2	408 8
Discontinued operations			
Profit for the year from discontinued operations	9	-	1 7
Profit on disposal of discontinued operations	9	-	216 7
Profit for the year		650 2	627 2

Total profit for the year is attributable to the equity holders

Consolidated statement of comprehensive income
for the year ended 31 December 2009

	Note	31 December 2009 £m	31 December 2008 £m
Profit for the year		650 2	627 2
Actuarial loss on defined benefit pension scheme	22	(205 9)	(22 6)
Tax on actuarial losses recognised directly in equity	22	57 7	6 3
Other comprehensive income for the year		(148 2)	(16 3)
Total comprehensive income for the year		502 0	610 9

Total comprehensive income for the year is attributable to the equity holders

Consolidated balance sheet
at 31 December 2009

	Note	31 December 2009 £m	31 December 2008 £m
Assets			
Non-current assets			
Property plant and equipment	*11*	7 426 8	7,323 2
Intangible assets	*12*	26 5	29 4
Operating lease prepayments	*13*	146 9	148 7
		7,600 2	7,501 3
Current assets			
Inventories	*16*	914 9	922 1
Trade and other receivables	*17*	245 2	212 2
Intercompany receivables	*17*	1,572 5	0 8
Cash and short term deposits	*18*	346 2	126 5
Corporation tax		5 3	-
Operating lease prepayments	*13*	1 7	1 6
		3,085 8	1,263 2
Total assets		10,686 0	8,764 5
Equity and liabilities			
Equity attributable to the owners of the parent			
Called up share capital	*24*	783 9	783 9
Share premium account	*24*	568 4	568 4
Other reserves		437 1	437 1
Retained earnings		3,124 6	2,802 6
Total equity		4,914 0	4,592 0
Liabilities			
Non-current liabilities			
Borrowings	*20*	183 7	259 9
Employee benefits	*22*	248 9	83 2
Provisions	*23*	15 7	12 4
Deferred tax liabilities	*15*	137 2	188 3
		585 5	543 8
Current liabilities			
Trade and other payables	*19*	2 689 8	2,429 6
Intercompany payables	*19*	2,391 3	1,126 4
Borrowings	*20*	76 8	0 9
Employee benefits	*22*	28 6	36 9
Corporation tax		-	34 9
		5,186 5	3,628 7
Total liabilities		5,772 0	4 172 5
Total equity and liabilities		10 686 0	8,764 5

These financial statements were approved by the board of directors on 6 July 2010 and were signed on its behalf by

J J Mckenna
Director

Consolidated statement of changes in equity
for year ended 31 December 2009

	Share capital £m	Share premium £m	Other reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2008	783 9	568 4	437 1	2,351 7	4,141 1
Comprehensive income					
Profit for the year	-	-	-	627 2	627 2
Other comprehensive income					
Actuarial loss on pension scheme	-	-	-	(22 6)	(22 6)
Deferred tax movement relating to pension scheme	-	-	-	6 3	6 3
Total other comprehensive income	-	-	-	(16 3)	(16 3)
Total comprehensive income	-	-	-	610 9	610 9
Transactions with owners					
Dividends	-	-	-	(160 0)	(160 0)
Balance at 1 January 2009	783 9	568 4	437 1	2,802 6	4,592 0
Comprehensive income					
Profit for the year	-	-	-	650 2	650 2
Other comprehensive income					
Actuarial loss on pension scheme	-	-	-	(205 9)	(205 9)
Deferred tax movement relating to pension scheme	-	-	-	57 7	57 7
Total other comprehensive income	-	-	-	(148 2)	(148 2)
Total comprehensive income	-	-	-	502 0	502 0
Transactions with owners					
Dividends	-	-	-	(180 0)	(180 0)
Balance at 31 December 2009	783 9	568 4	437 1	3,124 6	4,914 0

The other reserve relates to a revaluation reserve previously disclosed separately from retained earnings for information purposes

Consolidated statement of cash flows
for year ended 31 December 2009

	Note	31 December 2009 £m	31 December 2008 £m
Operating activities			
Profit after tax from continuing operations		650 2	408 8
Profit after tax from discontinued operations		-	1 7
Adjustments to reconcile profit after tax to net cash flows			
Depreciation	*11*	364 2	336 7
Amortisation of intangible assets	*12*	2 9	2 9
Amortisation of lease prepayments	*13*	1 7	1 6
Financial income	*7*	(10 8)	(35 1)
Financial cost	*7*	111 2	116 5
Loss on sale of property, plant and equipment		24 1	15 8
Tax on continuing operations	*8*	148 5	111 6
Tax on discontinued operations	*8*	-	(0 2)
Excess of contributions over pension service cost	22	(16 2)	9 8
Changes in working capital and provisions			
(Increase)/Decrease in trade and other receivables		(33 0)	15 5
(Increase)/Decrease in intercompany receivables		(1,571 7)	1 9
Decrease/(Increase) in inventories		7 2	(113 8)
Increase in trade and other payables		272 0	209 4
Increase/(Decrease) in intercompany payables		1,264 9	(466 6)
Increase in provisions		3 3	10 2
(Decrease)/Increase in share based payment liability	22	(23 2)	61 5
Tax paid		(182 1)	(137 5)
Net cash flows from operating activities		1 013 2	550 7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4 9	14 2
Purchase of property, plant and equipment		(508 6)	(610 2)
Proceeds from sale of subsidiary		-	423 7
Gazeley cash disposed of		-	(35 3)
Additions to leasehold prepayments		-	(25 5)
Interest received		1 7	14 6
Net cash flows from investing activities		(502 0)	(218 5)
Cash flows from financing activities			
Interest paid		(111 2)	(83 1)
Finance lease repayments		(0 3)	(0 7)
Dividends paid	*10*	(180 0)	(160 0)
Net cash flow from financing activities		(291 5)	(243 8)
Net increase in cash and cash equivalents		219 7	88 4
Cash and cash equivalents at start of year		126 5	38 1
Cash and cash equivalents at end of year	*18*	346 2	126 5

Notes *(forming part of the financial statements)*

1 Accounting policies

General information

ASDA Group Limited (the "Company") is a company incorporated in the UK under the Companies Act 2006 (Registration number 1396513) The address of the registered office is ASDA House, Southbank Great Wilson Street, Leeds, LS11 5AD, UK

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group")

As described in the directors' report, the main activities of the Group are those of the operation of food, clothing, home and leisure stores throughout the United Kingdom

Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of the Group for the year ended 31 December 2009 were authorised for issue by the directors on 6 July 2010 and the balance sheet was signed on behalf of the directors by J J Mckenna

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs") The company continues to prepare its company financial statements in accordance with UK GAAP, these are presented on pages 46-52

Basis of preparation

The Group financial statements are prepared on a going concern basis as the ultimate holding company has agreed that it will continue to provide financial support to the Group to enable it to meet its liabilities as they fall due

The Group financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds except where otherwise stated

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows

The Group has adopted the following new and revised standards this year Adoption of these revised standards did not have any effect on the financial performance or position of the Group in the current or prior periods

IAS 1 *'Presentation of Financial Statements (revised)'* is effective on or after 1 January 2009 The standard separates owner and non-owner changes in equity The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line In addition, the standard introduces the statement of comprehensive income it presents all items of recognised income and expense either in one single statement, or in two linked statements Whilst the revised IAS 1 has no impact on the measurement of the Group's results or net assets, it has resulted in certain changes in the presentation of the Group's financial statements from 2009 onwards

IFRS 8 *'Operating Segments'* is effective for accounting periods beginning on or after 1 January 2009 for publicly traded entities As a result of the disposal of Gazeley Limited in the prior year, the business now operates in a single business segment, being retailing, as disclosed in Note 2

IFRS 2 *'Amendment to IFRS 2 – Vesting Conditions and Cancellations'* is effective for accounting periods beginning on or after 1 January 2009 The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target) All other features are not vesting conditions and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty The amendment is mandatory for periods beginning on or after 1 January 2009 The Group has assessed its impact on the financial statements, which is deemed not material

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

Subsidiaries are all entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that are currently exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases The financial statements of the subsidiaries are prepared for the same reporting year as the parent company All intragroup balances and transactions, including unrealised profits arising from them, are eliminated

Foreign currency

The presentational currency of the Group is Sterling The primary functional currency of the parent and subsidiary companies is also Sterling

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction Foreign exchange differences arising on translation are recognised in the income statement

The assets and liabilities of foreign operations are translated at the spot rate ruling at the balance sheet date The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions

Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve They are released into the income statement upon disposal

Classification of financial instruments issued by the Group

Borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value less directly attributable issue costs Subsequently, these liabilities are carried at amortised cost using the effective interest method Gains or losses arising on repurchase, settlement or cancellation of liabilities are recognised respectively in finance income or finance cost

Interest payable is recognised in profit or loss as it accrues, using the effective interest method

Offsetting

Financial assets and liabilities 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

Goodwill

Business combinations on or after 1 January 2004 are accounted for under IFRS 3 *'Business Combinations'* using the purchase method Any excess of the cost of the business combination over the Group's interest in the fair value of the identifiable net assets is recognised in the balance sheet as goodwill and is not amortised

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired

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

Brands	20 years
Design licences	Licence period (5 years)

Notes *(continued)*

1 Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Certain items of property, plant and equipment that had been revalued to fair value prior to 1 January 2004, the date of transition to adopted IFRSs, are measured on the basis of deemed cost being the revalued amount at the date of that revaluation

Items of property, plant and equipment under construction are valued at cost and not depreciated Depreciation is charged from the date the assets are available for use

Assets acquired by way of a finance lease are stated at an amount equal to the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment Land is not depreciated The estimated useful lives are as follows

Freehold buildings	30-50 years
Properties held under finance leases and leasehold improvements	Shorter of 30-50 years and the lease period
Plant and equipment	3-20 years
Fixtures and fittings	3-20 years

All property, plant and equipment are reviewed for impairment in accordance with IAS 36 '*Impairment of Assets*' when there are indications that the carrying value may not be recoverable

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cashflows that are largely independent from those of other assets or groups of assets Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset

Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro rata basis A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) as reduced by appropriate allowances for estimated irrecoverable amounts Impaired debts are derecognised when they are assessed as uncollectible

Inventories

Inventories comprise goods for resale and are stated at the lower of cost and net realisable value

Goods at warehouses are valued at weighted average cost Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition Inventories at retail outlets are valued at average cost prices

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and short term deposits

Cash and short term deposits comprise cash balances and call deposits with an original maturity of three months or less Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

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 fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset

Group as a lessee

Leases in which the Group 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

Where land and buildings are held under leases the determination of the land is considered separately from that of the buildings

Finance leases

Assets acquired by way of a finance lease are recognised at an amount equal to the lower of the fair value and the present value, calculated using the interest rate implicit in the lease, of the minimum lease payments at inception of the lease with a corresponding liability as an obligation to pay future rentals Lease payments are apportioned between the finance charge and the outstanding obligation so as to produce a constant rate of interest on the remaining balance of the liability

Operating leases

Rental payments are taken to the income statement on a straight line basis over the life of the lease Leases that contain predetermined fixed rental increases are accounted for such that the increases are recognised on a straight line basis over the life of the lease Lease incentives received are recognised in the income statement as an integral part of the total lease expense

Prepaid operating leases are recognised on a straight line basis over the life of the lease

Group as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their useful economic lives Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term

Borrowing costs

Borrowing costs are recognised in the Group's income statement except for costs that are directly attributable to the construction of buildings which are capitalised and included within the initial cost of a building Capitalisation of borrowing costs ceases when the property is ready for use The interest rate applied is based on the average rate of general borrowings outstanding during a period

Trade and other payables

Trade payables, other than intercompany loans, are non-interest bearing and are stated at their nominal value

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

Revenue

Revenue represents sales to customers through retail outlets and online, excluding value added tax Revenue is recognised net of intragroup transactions, staff discounts coupons and the free element of multi-save transactions

Notes *(continued)*

1 Accounting policies *(continued)*

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate line of business or geographical area of operation. Classification as a discontinued operation occurs upon disposal or earlier if the operation meets the criteria to be classified as held for sale, under IFRS 5 '*Non-current Assets Held for Sale*'

Income from concessions and commissions

Income from concessions and commissions is based on the terms of the contract and is included within rental income

Interest and dividend income

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established

Supplier income

Supplier incentives, rebates and discounts are recognised on an accruals basis, based on the expected entitlement which has been earned up to the balance sheet date for each relevant contract

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

Defined benefit plans

The Group's net obligation in respect of its defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. The operating and financing costs of the scheme are recognised in the period in which they arise

In respect of actuarial gains and losses that arise, the Group recognises them in full to equity in the period they occur in the statement of other comprehensive income

Share-based payments

For all liabilities arising from share-based payment arrangements the Group has applied IFRS 2 '*Share-Based Payments*' to liabilities that were settled on or after 7 November 2002

The share option programme allows Group employees to acquire shares of the ultimate parent company, these awards are granted by the Group. The fair value of options granted is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The charge is recognised as an employee expense, with a corresponding increase in liabilities. The fair value of the share option is measured based on an option valuation model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date and any changes in fair value are recognised in the income statement during the vesting period

These share based payment transactions are considered as cash settled and accounted for in accordance with IFRIC 11 '*Group and Treasury Share Transactions*'

Taxation

Taxation comprises current and deferred tax. Tax is recognised in the income statement 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

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation (continued)

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes except

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future ,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

Use of assumptions and estimates

Management are required to make judgements, estimates and assumptions that affect the application of policies and reported assets and liabilities, income and expenses Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances Actual results may differ from these estimates

The estimates and assumptions that have a significant impact on the carrying value of assets and liabilities are

- Pension scheme assumptions The assumptions used for the defined benefit pension plans are estimates of future events, on the advice of actuaries

- Deferred tax assets The likelihood that assets are recovered is based on assumptions as to the extent that it is probable that future tax profits will be available based on forecasted profitability

New standards and interpretations not applied

There have been a number of new standards and interpretations issued by the IASB and IFRIC, with effective dates after the date of these financial statements The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group when adopted

IFRS 3R *'Business Combinations'* and IAS 27R *'Consolidated and Separate Financial Statements'* were issued in January 2008 and is effective for financial years beginning on or after 1 July 2009 IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised the reported results in the period that an acquisition occurs, and future reporting results

IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary

Other consequential amendments were made to IAS 7 *'Statement of Cash Flows'*, IAS 12 *'Income Taxes'*, IAS 21 *'The Effect of Changes in Foreign Exchange Rates'*, IAS 28 *'Investment in Associates'* and IAS 31 *'Interests in Joint Ventures'* The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests

IFRS 2 (amendments) *'Group Cash-Settled Share-Based Payment Transaction'* is effective from 1 January 2010 In addition to incorporating IFRIC 8 *'Scope of IFRS 2'* and IFRIC 11 *'IFRS 2 – Group and Treasury Share Transactions'*, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation The new guidance is not expected to have a material impact on the Group's financial statements

IFRIC 17 *'Distribution of Non-Cash Assets to Owners'* is effective for financial years beginning on or after 1 July 2009 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends It is not expected to have a material impact on the Group's financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

New standards and interpretations not applied (continued)

Amendments to IAS 38 *'Intangible Assets'* will be applied from the date that IFRS 3R is adopted The amendment is not expected to have a material impact on the Group's financial statements

Amendments to IFRS 5 *'Non-Current Assets Held for Sale and Discontinued Operations'* are effective from 1 January 2010 and are not expected to have a material impact on the Group's financial statements

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 9 *'Financial Instruments Classification & Measurement'* is effective for periods on or after 1 January 2013 and is not expected to have a material impact on the Group s financial statements

IAS 24R *'Related Party Disclosures'* is effective on or after 1 January 2011 and is not expected to have a material impact on the Group's financial statements

IAS 27R *'Consolidated and Separate Financial Statements'* is effective for annual periods on or after 1 July 2009 and is not expected to have a material impact on the Group's financial statements

IAS 32A *'Classification of Rights Issues'* is effective for annual periods on or after 1 February 2010 and is not expected to have a material impact on the Group's financial statements

IFRIC 14A *'Prepayments of Minimum Funding Requirement'* is effective for periods on or after 1 January 2011 and is not expected to have a material impact on the Group's financial statements

IFRIC 17 *'Distribution of Non-cash Assets to Owners'* including consequential amendments to IFRS 5, Non-current assets held for sale and discontinued operations is effective 1 July 2009 is not expected to have a material impact on the Group's financial statements

IFRIC 19 *'Extinguishing Financial Liabilities and Equity Instruments'* is effective for periods on or after 1 July 2010 and is not expected to have a material impact on the Group's financial statements

Notes *(continued)*

2 Segment reporting

The Board has determined that the primary segment reporting format is business segments, based on the Group's management and internal reporting structure There is a single geographical segment, being the United Kingdom

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Unallocated items in the prior year comprise balances in respect of borrowings

Until 11 July 2008, the Group operated in two business segments as follows

- ASDA – operation of food, clothing, home and leisure stores ('retailing'),
- Gazeley – property development ('property development')

However, on 11 July 2008, Gazeley Limited ('Gazeley') was fully disposed of, as disclosed in Note 9, and hence the Group now has a single operating segment, being retailing

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2009 and 2008

	31 December 2009	31 December 2008		
	Continuing Operations - Retail	*Continuing Operations - Retail*	*Discontinued Operations - Property Development*	*Total*
	£m	£m	£m	£m
Revenue	19 836 4	18,572 8	35 5	18,608 3
Segment result	899 1	601 8	1 5	603 3
Gain on disposal of discontinued operation	-	-	216 7	216 7
Assets and liabilities				
Segment assets	10,686 0	8,764 5	-	8,764 5
Segment liabilities	(5,772 0)	(4,172 5)	-	(4,172 5)
Other segment information				
Capital expenditure				
Tangible assets	496 8	617 8	-	617 8
Total	496 8	617 8	-	617 8
Depreciation	364 2	336 6	0 1	336 7
Amortisation	2 9	2 9	-	2 9

Notes *(continued)*

3 Operating costs

The operating profit from continuing operations is stated after (charging)/crediting the following

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Cost of inventories recognised as an expense	(15,115 9)	(14,168 8)
Employment costs *(Note 5)*	(2,104 0)	(2,108 9)
Amortisation of intangible assets *(Note 12)*	(2 9)	(2 9)
Amortisation of lease prepayments	(1 7)	(1 6)
Depreciation *(Note 11)*		
- Owned assets	(362 8)	(335 3)
- Assets held under finance leases	(1 4)	(1 4)
Operating lease expense		
- Plant and equipment	(46 2)	(41 9)
- Property	(73 4)	(67 8)
Rental income	78 4	83 8
Loss on sale of property, plant and equipment	(24 1)	(15 8)
License fees paid to fellow subsidiary of ultimate parent company	(11 7)	(12 0)

4 Auditors' remuneration

Within operating costs	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Audit	0 3	0 3

5 Employee numbers and costs

The average number of people employed by the Group (including directors) during the year was as follows

		Number of employees	
		Year Ended 31 December 2009	Year Ended 31 December 2008
Total			
ASDA	- Retail	165,630	159,143
	- Home office	3,036	2,962
Gazeley		-	20
		168,666	162,125
Full time equivalents			
ASDA	- Retail	105,055	102,765
	- Home office	2,952	2,879
Gazeley		-	20
		108,007	105,664

Notes *(continued)*

5 Employee numbers and costs *(continued)*

The aggregate payroll costs of these people were as follows

	2009 £m	2008 £m
Wages and salaries	1,917 7	1,822 0
Share-based payments (credit)/charge *(Note 22)*	(1 2)	98 2
Social security costs	117 5	115 1
Other pension costs *(Note 22)*	70 0	73 6
	2,104 0	2,108 9

6 Directors' remuneration

The total remuneration of the directors for each of the last two financial years is as follows

	Year Ended 31 December 2009 £000	Year Ended 31 December 2008 £000
Directors' emoluments	6,228	7,167
Share based payments	4,822	2,590

	Year Ended 31 December 2009 number	Year Ended 31 December 2008 number
Number of directors who are members of the defined benefit scheme	9	11
Number of directors who exercised share options	8	8
Number of directors entitled to receive shares under long term incentive schemes	8	11

Amounts in respect of the highest paid director are as follows

	£000	£000
Total remuneration excluding pensions	1,714	1,268
Total accrued pension in the year	93	83

Included within the remuneration totals above are emoluments in respect of the directors listed below, which were in respect of their services to the Broadstreet Great Wilson Europe Group (the ultimate parent company for the UK) as a whole A J Bond, J J McKenna D Smith, A Clarke, R Bendel, D Blackhurst, A Thompson, C Kuchinad and D Gurr It is not possible to allocate their remuneration to the companies within the Group

None of the directors was a member of the defined contribution scheme during the year (2008 none)

Notes *(continued)*

7 Financial income and costs

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Bank interest receivable	1 7	14 6
Net return on pension scheme *(Note 22)*	9 1	20 5
Financial income	10 8	35 1
Interest payable on bonds - paid to fellow group undertakings	(18 1)	(18 1)
Interest payable on bonds - paid to external bondholders	(0 1)	(0 1)
External interest payable	(0 1)	-
Interest capitalised	5 1	9 3
	(13 2)	(8 9)
Interest payable on amounts owed to Group undertakings	(93 1)	(103 3)
Finance lease interest	(4 9)	(4 3)
Financial costs	(111 2)	(116 5)

Notes *(continued)*

8 Income tax expense

Recognised in the income statement

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
CURRENT TAX		
Continuing Operations		
UK corporation tax on profit for the year	124 3	139 4
Adjustments in respect of prior periods	17 6	(7 4)
CURRENT TAX CHARGE FOR THE YEAR	141 9	132 0
DEFERRED TAX		
Continuing Operations		
Origination and reversal of temporary differences	(7 5)	(16 5)
Adjustment in respect of prior periods	8 6	(8 5)
Reduction in deferred tax asset relating to pension obligation	5 5	4 6
	6 6	(20 4)
TOTAL TAX CHARGE FOR THE YEAR FROM CONTINUING OPERATIONS	148 5	111 6

Deferred tax on actuarial losses on defined benefit pension schemes of £57 7m (2008 £6 3m) has been credited to equity

Notes *(continued)*

8 Income tax expense *(continued)*

Reconciliation of effective tax rate

A reconciliation of the current tax charge compared to the standard rate of corporation tax in the UK of 28% (2008 28 5%) applied to the profit on ordinary activities before tax is as follows

	£m	£m
Profit before tax	798 7	520 4
Profit before tax from discontinued operations	-	218 4
	798 7	738 8
Tax using the UK corporation tax rate of 28% *(2008 28 5%)*	223 6	210 5
Deductible/(non-deductible) expenses	2 5	(3 6)
Non-qualifying depreciation	20 9	20 4
Profit on non qualifying fixed assets	1 9	0 5
Operating profit on discontinued operations	-	(0 4)
Profit on disposal of discontinued operations	-	(61 8)
Group relief not paid for	(94 4)	(38 2)
Current year income taxed in prior periods	(32 2)	-
Adjustments in respect of prior periods	26 2	(15 9)
Change in tax rate	-	0 1
Other	-	(0 2)
TOTAL TAX CHARGE FOR THE YEAR	148 5	111 4

Income tax expense for the year reported in the consolidated income statement	148 5	111 6
Income tax attributable to discontinued operations on profit for the year	-	1 7
Income tax attributable to discontinued operations in respect of prior periods	-	(1 9)
TOTAL TAX CHARGE FOR THE YEAR	148 5	111 4

Notes *(continued)*

9 Discontinued operations

On 11 July 2008, the Group sold its property development business, Gazeley Limited ('Gazeley')

The net result of Gazeley has been presented as a discontinued operation in the consolidated income statement in the prior year The net result of the Group in the current year is all derived from continuing operations

The table below shows the results of Gazeley that are included in the results of the Group for the current and prior periods

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Revenue	-	35 5
Operating costs	-	(34 0)
Operating profit before tax of discontinued operations	-	1 5
Tax credit	-	0 2
Profit for the year from discontinued operations	-	1 7
Profit on disposal of discontinued operations	-	216 7

The effect of the discontinued operations on segment results is disclosed in Note 2

The table below shows the net assets disposed of and consideration received

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Property, plant and equipment	-	2 0
Deferred tax liability	-	(0 1)
Inventories	-	208 0
Trade and other receivables	-	24 9
Bank loans and overdrafts	-	(43 5)
Trade and other payables	-	(14 4)
Income tax asset	-	4 7
Investment in joint venture	-	2 4
Previously unrealised foreign exchange gains	-	(8 2)
Net identifiable assets disposed of	-	(175 8)
Consideration received	-	423 7
Costs associated with disposal	-	(31 2)
Profit on disposal	-	216 7

Notes *(continued)*

10 Dividends

	Year Ended 31 December 2009 £m	Year Ended 31 December 2008 £m
Declared and paid during the year		
Dividend of 5 74p per share (2008 5 10p per share)	180 0	160 0

11 Property, plant and equipment

	Freehold properties £m	Finance leases & leasehold improvements £m	Plant, equipment, fixtures & fittings £m	Assets under construction £m	Total £m
Cost					
Balance at 1 January 2008	6,247 7	561 6	2,003 7	638 5	9,451 5
Additions at cost and transfers from assets under construction	436 0	1 9	306 1	(126 2)	617 8
Disposals	(33 9)	(10 7)	(47 8)	-	(92 4)
Balance at 31 December 2008	6,649 8	552 8	2,262 0	512 3	9,976 9
Balance at 1 January 2009	6,649 8	552 8	2,262 0	512 3	9,976 9
Additions at cost and transfers from assets under construction	533 5	0 5	269 7	(306 9)	496 8
Disposals	(48 5)	(24 4)	(144 7)	-	(217 6)
Balance at 31 December 2009	7,134 8	528 9	2,387 0	205 4	10,256 1
Accumulated depreciation and impairment					
Balance at 1 January 2008	775 4	235 2	1,366 8	-	2,377 4
Depreciation charge for the year	104 6	12 9	219 2	-	336 7
Disposals	(15 1)	(8 3)	(37 0)	-	(60 4)
Balance at 31 December 2008	864 9	239 8	1,549 0	-	2,653 7
Balance at 1 January 2009	864 9	239 8	1,549 0		2,653 7
Depreciation charge for the year	123 1	23 4	217 7	-	364 2
Disposals	(31 8)	(23 7)	(133 1)	-	(188 6)
Balance at 31 December 2009	956 2	239 5	1 633 6	-	2,829 3
Net book value					
At 31 December 2008	5,784 9	313 0	713 0	512 3	7,323 2
At 31 December 2009	**6,178 6**	**289.4**	**753 4**	**205 4**	**7,426 8**

The cumulative amount of capitalised interest included in the cost of fixed assets is £226 0 million (2008 £220 9 million) Details of interest capitalised during the year are given in Note 7

Notes *(continued)*

11 Property, plant and equipment *(continued)*

Properties held under finance leases have the following net book values

	2009 £m	2008 £m
Cost	38 3	38 3
Depreciation	(8 1)	(6 7)
Net book value	30 2	31 6

12 Intangible assets

	Design licences £m	Brands £m	Total £m
Cost			
At 1 January 2009 and 31 December 2009	6 4	31 7	38 1
Amortisation			
At 1 January 2008	2 6	3 2	5 8
Amortisation during the year	1 3	1 6	2 9
At 31 December 2008	3 9	4 8	8 7
At 1 January 2009	3 9	4 8	8 7
Amortisation during the year	1 3	1 6	2 9
At 31 December 2009	5 2	6 4	11 6
Net book value at 31 December 2009	**1 2**	**25 3**	**26 5**
Net book value at 31 December 2008	2 5	26 9	29 4

The design licences asset is being amortised on a straight line basis over the licence period of 5 years

The George brand is being amortised on a straight line basis over its estimated useful life of 20 years

13 Operating lease prepayments

		2009 £m	2008 £m
Operating lease prepayments	- current	1 7	1 6
	- non-current	146 9	148 7
		148 6	150 3

Notes *(continued)*

14 Investments in subsidiaries and jointly controlled entities

The Company's investments in principal subsidiaries are shown in Company Note 4

On 6 August 2009, as part of a group reconstruction the group disposed of a subsidiary company, Corinth Services Limited, to its immediate parent company, Wal-Mart Stores (UK) Limited, in exchange for intercompany debt of £753 2m The consideration of £753 2m was equal to the value of net assets disposed, and hence gave rise to nil gain or loss on disposal Following this group reconstruction, on 21 August 2009 Corinth Services Limited changed its name to Corinth Investments Limited

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
	£m	£m	**£m**	£m	**£m**	£m
Property, plant and equipment	-	-	**223 5**	236 7	**223 5**	236 7
Employee benefits	**(79 4)**	(40 9)	-	-	**(79 4)**	(40 9)
Provisions	**(8 5)**	(9 1)	-	-	**(8 5)**	(9 1)
Other items	-	-	**1.6**	1 6	**1 6**	1 6
Tax (assets)/liabilities	**(87 9)**	(50 0)	**225 1**	238 3	**137.2**	188 3
Netting of tax (assets)/liabilities	**87 9**	50 0	**(87 9)**	(50 0)	-	-
Net tax (assets)/liabilities	-	-	**137 2**	188 3	**137 2**	188 3

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 Group considers it impractical to quantify the amount of tax which would become payable if rollover relief was not available

Corporation tax of £97 6m (2008 £79 5m) has been deferred as a consequence of rollover relief claims made in respect of the disposal of certain fixed assets in prior periods

Notes *(continued)*

15 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the year

	1 January 2009 £m	Recognised in income £m	Recognised in equity £m	31 December 2009 £m
Property, plant and equipment	236 7	(13 2)	-	**223 5**
Employee benefits	(40 9)	19 2	(57 7)	**(79 4)**
Provisions	(9 1)	0 6	-	**(8 5)**
Other items	1 6	-	-	**1 6**
	188 3	6 6	(57 7)	**137 2**

Movement in deferred tax during the prior year

	1 January 2008 £m	Recognised in income £m	Recognised in equity £m	31 December 2008 £m
Property, plant and equipment	234 4	2 3	-	**236 7**
Employee benefits	(15 2)	(19 4)	(6 3)	**(40.9)**
Provisions	(5 8)	(3 3)	-	**(9.1)**
Other items	1 6	-	-	**1.6**
	215 0	(20 4)	(6 3)	**188 3**

16 Inventories

	2009 £m	2008 £m
Goods held for resale	914 1	921 3
Goods not held for resale	0 8	0 8
	914 9	922 1

Notes (*continued*)

17 Trade and other receivables

	2009 £m	2008 £m
Trade receivables	151 6	129 7
Provision for doubtful debts	(8 5)	(8 6)
Other receivables	29 1	31 5
Prepayments and accrued income	73 0	59 6
	245 2	212 2
Amounts owed by group entities	1,572 5	0 8

Trade receivables are non-interest bearing and are generally on 30-90 day terms As at 31 December 2009 trade receivables at nominal value of £8 5m (2008 £8 6m) were impaired and fully provided for Movements in the provision for doubtful debts in the year were as follows

	2009 £m	2008 £m
At 1 January 2009	8 6	7 1
Net charge for the year	2 9	5 3
Provision utilised	(3 0)	(3 8)
At 31 December 2009	8 5	8 6

As at 31 December 2009, the analysis of trade receivables that were not impaired was as follows

	2009 £m	2008 £m
Neither past due nor impaired	31 3	23 4
Up to 3 months past due	111 8	97 7
	143 1	121 1

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts As of 31 December 2009, trade debtors that were neither past due nor impaired related to a number of independent customers for whom there is no history of default

The allowance for doubtful debt assumes VAT in relation to the impaired balances will be fully recoverable

18 Cash and short term deposits

	2009 £m	2008 £m
Cash and short term deposits	346 2	126 5

Notes (continued)

19 Trade and other payables

	2009 £m	2008 £m
Trade payables	1,915 3	1,747 4
Other taxes and social security	160 3	127 7
Other payables	116 0	96 9
Accrued expenses	498 2	457 6
	2,689 8	2,429 6
Amounts owed to group entities	2,391 3	1,126 4

The Group deals with over ten 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 Group's policy to abide by these terms when satisfactory invoices have been received

For terms and conditions relating to amounts owed to related parties, refer to Note 27

Included within trade and other payables is an allowance for costs associated with the Office of Fair Trading ('OFT') inquiries into dairy and tobacco pricing activities The OFT has made its decision on the tobacco investigation and ASDA has appealed that decision A decision on dairy is expected in the summer of 2010 Until the appeal is resolved and the decision on dairy is made, the amounts included in these financial statements have not been disclosed on the basis that it could be prejudicial

20 Financial assets and liabilities

The disclosures below exclude short term receivables and payables which are primarily of a trading nature and expect to be settled within normal commercial terms, and have fair values equal to their carrying value

Financial assets

Amounts owed by fellow subsidiaries

Amounts owed by fellow subsidiaries (Note 17) attract interest at an effective rate of 6% (2008 4 5% to 6 4%)

Financial liabilities

Borrowings

	31 December 2009 £m	31 December 2008 £m
Current liabilities		
Bonds	75 9	-
Current portion of finance lease liabilities *(Note 25)*	0 9	0 9
	76 8	0 9
Non-current liabilities		
Bonds	149 2	225 1
Non-current portion of finance lease liabilities *(Note 25)*	34 5	34 8
	183 7	259 9

Notes (continued)

20 Financial assets and liabilities *(continued)*

Terms and debt repayment schedule as at 31 December 2009

	Effective interest rate %	Total £m	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	5+ years £m
Eurobonds 2010	10 8	75 9	75 9	-	-	-	-	-
Eurobonds 2015	6 6	149 2	-	-	-	-	-	149 2
Finance lease obligations		35 4	0 9	1 1	1 2	1 4	1 6	29 2
		260 5	76 8	1 1	1 2	1 4	1 6	178 4
Amounts owed to fellow UK subsidiaries								
Loans from Corinth Investments Limited	6%	807 2	807 2	-	-	-	-	-
Loans from Broadstreet Great Wilson Europe Limited	6%	504 5	504 5	-	-	-	-	-
Loans from Wal-Mart LN (UK) Limited	6%	1,077 6	1,077 6	-	-	-	-	-
		2,389 3	2,389 3	-	-	-	-	-

Terms and debt repayment schedule as at 31 December 2008

	Effective interest rate %	Total £m	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	5+ years £m
Eurobonds 2010	10 8	75 9	-	75 9	-	-	-	-
Eurobonds 2015	6 6	149 2	-	-	-	-	-	149 2
Finance lease obligations		35 7	0 9	1 0	1 1	1 2	1 4	30 1
		260 8	0 9	76 9	1 1	1 2	1 4	179 3
Amounts owed to fellow UK subsidiaries								
Loans from Wal-Mart Stores (UK) Limited	4 9	369 6	369 6	-	-	-	-	-
Loans from Broadstreet Great Wilson Europe Limited	3 5-6 5	756 8	756 8	-	-	-	-	-
		1 126 4	1,126 4	-	-	-	-	-

Amounts owed to fellow subsidiaries are included in trade and other payables (Note 19)

The Eurobonds are denominated in Sterling and carried at amortised cost Their fair value as at 31 December 2009 was £274 3m (2008 £284 3m) The Eurobonds bear fixed interest, payable annually in arrears

Notes (continued)

20 Financial assets and liabilities (continued)

a) On 31 March 1989 the Group issued £125 0m of unsecured 10 7/8 % Eurobonds at 101 753% of nominal value redeemable at par on 20 April 2010 unless previously redeemed at the Group's request at the higher of par or a price calculated to provide a yield equal to that earned on 12% Exchequer Stock 2013/2017 £16 2m of these Eurobonds were subsequently redeemed at the Group's request in 1993 and a further £33 0m was redeemed at the Group's request in 1997 The remaining bonds have been redeemed in full on 20 April 2010

b) On 17 July 1998, the Group issued £150 0m of unsecured 6 5/8 % Eurobonds at 99 441% of nominal value redeemable at par on 17 July 2015 unless previously redeemed at the Group's request, at the higher of the principal amount or a price calculated to provide a yield equal to that earned on 8% Treasury Stock 2015

On 17 September 2007 all of the outstanding Eurobonds issued by the Group were officially migrated from the Main Market to the Professional Securities Market of the London Stock Exchange

As at 31 December 2009 and 31 December 2008, all borrowings were in Sterling at fixed rates of interest The finance lease obligations are carried at amortised cost, which is considered to approximate to fair value

The weighted average interest rate of fixed rate debt is 8 1% (2008 8 1%)

21 Financial instruments

The treasury function manages the Group's financial risk, considering its borrowings and exposure to foreign currency fluctuations The Group finances its operations through Eurobonds, issued a number of years ago and substantially held within the Wal-Mart Group The Group utilises its cash balances as well as bank overdrafts to satisfy short-term cash flow requirements Foreign currency exposure is managed through entering into forward currency contracts

Foreign currency risk

The Group purchases goods and services denominated in currencies other than Sterling Cash flows can be affected by movements in exchange rates, primarily US Dollars, Euros, Australian Dollars and HK Dollars Purchases in foreign currencies are managed through the use of forward contracts and there was no material gain or loss at the balance sheet date As the Group manages its foreign currency exposure through the use of forward currency contracts, changes in exchange rates are not expected to have a significant impact on profitability, cash flow or equity

Interest rate risk

The Group's long term borrowings are at fixed interest rates, through the issue of Eurobonds which are listed on the Professional Securities Market of the London Stock Exchange, with the majority being held by group companies As interest rates are fixed on all of the Group's long term debt, interest rate movements would not have an impact on profitability cash flow or equity

The Group's short term borrowings are at variable rates of interest It is anticipated that a 1% increase/decrease in interest rates would give rise to a decrease/increase in net profitability of £2 9m (2008 £5 0m)

Liquidity risk

The Group's treasury function ensures that the Group continues to have sufficient funding by monitoring rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts The Group's long term debt comprises the Eurobonds which are redeemable between 2010 and 2015

As at 31 December 2009, the Group held £346 2m cash (2008 £126 5m), utilised along with overdrafts where necessary to secure short-term flexibility At 31 December 2009 the Group had uncommitted overdraft facilities of £30 0m (2008 £30 0m), standby credit facilities (including bonds and guarantees) of £135 0m (2008 £120 0m) and uncommitted line of credit facilities of £125 0m (2008 £100 0m) Cash is placed on short-term deposits wherever possible

Credit risk

There are no significant concentrations of credit risk within the Group The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date

Notes *(continued)*

22 Employee benefits

Pension plans

The assets of the defined contribution plan are invested with the Prudential Life Assurance Company whilst the assets of the defined benefit pension scheme are placed by the trustees under the management of professional fund managers. The assets of these schemes are held separately from the Group's assets.

The trustee body of the defined benefit scheme is made up of eleven trustees: five of these are member nominated trustees including one pensioner, four are company appointed, and there are two professional independent trustees. There are two defined contribution plans: one trust based, and one contract based. On the trust based plan, the trustee body is made up of nine trustees: four of these are member nominated, four are company appointed, and there is one professional independent trustee. There is a governance group in place which monitors the running of the contract based plan. This has six members: two are nominated by colleagues, and four are company appointed.

The pension cost relating to the defined benefit pension scheme is assessed in accordance with the advice of an independent qualified actuary who conducted a full triennial actuarial valuation as at 5 April 2007 and updated this for IAS 19 '*Employee Benefits*' purposes for the year ended 31 December 2009.

		2009 £m	2008 £m
Present value of funded defined benefit obligations		(1,322.7)	(1,016.8)
Fair value of plan assets		1,112.7	987.4
Recognised liability for defined benefit obligations		(210.0)	(29.4)
Cash-settled share-based payment transactions liability	- current	(28.6)	(36.9)
	- non-current	(38.9)	(53.8)
Total employee benefits		(277.5)	(120.1)

Movements in present value of defined benefit obligation

	2009 £m	2008 £m
At 1 January	(1,016.8)	(1,217.6)
Current service cost	(39.9)	(59.7)
Interest cost	(63.9)	(68.1)
Actuarial (losses)/gains	(229.9)	305.7
Benefits paid	27.9	23.0
Contributions by members	(0.1)	(0.1)
At 31 December	(1,322.7)	(1,016.8)

Notes *(continued)*

22 Employee benefits *(continued)*

Pension plans *(continued)*

Movements in fair value of plan assets

	2009 £m	2008 £m
At 1 January	987 4	1,200 1
Expected return on plan assets	73 0	88 6
Actuarial gains/(losses)	24 0	(328 3)
Contributions by employer	56 1	49 9
Contributions by members	0 1	0 1
Benefits paid	(27 9)	(23 0)
At 31 December	1,112 7	987 4

Expense recognised in the consolidated income statement

	2009 £m	2008 £m
Current service cost	(39 9)	(59 7)
Interest on defined benefit pension plan obligation	(63 9)	(68 1)
Expected return on defined benefit pension plan assets	73 0	88 6
Total	(30 8)	(39 2)

The expense is recognised in the following line items in the consolidated income statement

	2009 £m	2008 £m
Operating costs	(39 9)	(59 7)
Finance income	9 1	20 5
Total	(30 8)	(39 2)

The amounts recognised in the statement of other comprehensive income in the period were

	2009 £m	2008 £m
Actuarial gains/(losses)	24 0	(328 3)
Experience gains arising on plan obligation	(3 1)	-
Changes in demographic and financial assumptions underlying the present value of plan obligations	(226 8)	305 7
Actuarial loss recognised in the statement of other comprehensive income	(205 9)	(22 6)
Taxation on actuarial loss recognised in the statement of other comprehensive income	57 7	6 3
Net actuarial loss recognised in the statement of other comprehensive income	(148 2)	(16 3)

Cumulative net actuarial losses recognised in the statement of other comprehensive income since the transition to Adopted IFRSs are £165 7m (2008 £17 5m)

Notes *(continued)*

22 Employee benefits *(continued)*

Pension plans *(continued)*

The fair value of the plan assets and the return on those assets were as follows

	2009 £m	2008 £m
Equity securities	831 3	784 8
Debt securities	227 3	120 2
Property	40 6	44 7
Other	13 5	37 7
	1,112 7	987 4
Actual return on plan assets	97 0	(239 7)

Principal actuarial assumptions (expressed as weighted averages)

	2009 %	2008 %
Discount rate	5 7	6 4
Inflation	3 3	2 8
Future salary increases	4 0	4 3
Future pension increases	3 3	2 8
Expected return on plan assets		
- Equity securities	8 0	7 6
- Debt securities	4 5	4 5
- Property	8 0	7 6

To develop the expected long-term rate on assets assumptions, the Group considered the current level of expected return on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the asset allocations of the scheme to develop the expected long-term rate of return on assets assumptions for the portfolio This resulted in the selection of the assumptions shown above

The following table illustrates the residual life expectancy for an average member on reaching age 60, according to the mortality assumptions used to calculate the pension liabilities

		2009	2008
Retiring at reporting date at age 60	Male	26 8	26 8
	Female	29 8	29 7
Retiring at reporting date in 25 years at age 60	Male	28 1	28 1
	Female	31 0	30 9

Notes *(continued)*

22 Employee benefits *(continued)*

History of experience gains and losses

The history experience gains and losses for the current and prior periods are as follows

	2009 £m %	2008 £m %	2007 £m %	2006 £m %
Difference between the expected and actual return on scheme assets				
Amount	24 0	(328 3)	(8 0)	80 6
Percentage of scheme assets	2 2%	(33 2%)	(0 7%)	7 6%
Experience adjustments on plan liabilities				
Amount	(3 1)	-	2 0	-
Percentage of scheme assets	(0 2%)	-	0 2%	-
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities				
Amount	(229 9)	305 7	46 1	(89 4)
Percentage of scheme assets	(20 7%)	30 1%	3 8%	(7 6%)
Total amount recognised in the statement of other comprehensive income				
Amount	(205 9)	(22 6)	40 1	(8 8)
Percentage of scheme assets	(18 5%)	(2 2%)	3 3%	(0 8%)

The Group expects to contribute approximately £49 9m to its defined benefit plan in the next financial year

Defined contribution plans

The Group operates two defined contribution pension plans There were no unpaid contributions outstanding at the current or prior year end for the defined contribution schemes The charge for the year for the defined contribution schemes is £30 1m (2008 £13 9m)

Share-based payments

These share-based payment transactions are accounted for as cash settled in accordance with IFRIC 11 'Group and Treasury Share Transactions'

The Group offers five share-based payment schemes to employees to enable them to own shares in the ultimate parent company Three of these schemes involve the granting of options to employees to acquire shares in the ultimate parent company at predetermined exercise prices and two of the schemes involve the granting of rights to receive shares in the ultimate parent company for nil consideration With the exception of one of these schemes, no performance conditions exist in relation to the rights to exercise options or receive shares and there are no cash settlement alternatives for any of the current schemes outstanding

Notes *(continued)*

22 Employee benefits *(continued)*

Share-based payments *(continued)*

The number and weighted average exercise prices for the three schemes which involve the granting of options to employees to acquire shares in the ultimate parent company at predetermined exercise prices are as follows

	Weighted average exercise price £ 2009	Number of options (thousands) 2009	Weighted average exercise price £ 2008	Number of options (thousands) 2008
Outstanding at the beginning of the period	29 50	15,046	23 79	20 881
Exercised during the period	24 31	(2,315)	25 08	(5,580)
Granted during the period	27 61	1 713	20 70	2,059
Lapsed during the period	29 43	(1,897)	25 06	(2,314)
Outstanding at the end of the period	27 69	12,547	29 50	15,046
Exercisable at the end of the period	31 16	2,842	23 70	2,410

Share options were exercised on a regular basis throughout the year The average share price during the year to 31 December 2009 was £32 38 (2008 £30 04)

Sharesave scheme

The scheme has been in existence for employees since 1982 and gained HMRC approval in 2000 Employees with six months service are invited to join the scheme annually Options are granted annually to employees who elect to join, and are exercisable in three or five years from date of grant, depending on the year of grant Currently only three year grants are being offered The options under this scheme are treated as cash-settled

31 December 2009				31 December 2008			
Number of options (thousands)	**Range of exercise price £**	**Weighted average exercise price £**	**Weighted average remaining contractual life (years)**	Number of options (thousands)	Range of exercise price £	Weighted average exercise price £	Weighted average remaining contractual life (years)
4,352	**19 87 to 27 45**	**22 57**	**1 4**	4,586	19 87 to 21 42	20 18	1 5

Colleague Share Option Plan (CSOP) scheme

The scheme has been in existence for employees since 1995 and gained HMRC approval in 1999 Options were granted every year up to and including 2006 to employees who are not eligible for share options under the Wal-Mart Stock Incentive Plan, and are exercisable in three or six years from date of grant, depending on the year of grant The options under this scheme are treated as cash-settled

31 December 2009				31 December 2008			
Number of options (thousands)	**Range of exercise price £**	**Weighted average exercise price £**	**Weighted average remaining contractual life (years)**	Number of options (thousands)	Range of exercise price £	Weighted average exercise price £	Weighted average remaining contractual life (years)
3,600	**27 52 to 34 58**	**30 17**	**1.6**	5,073	30 48 to 38 30	33 40	2 2

Notes *(continued)*

22 Employee benefits *(continued)*

Share-based payments *(continued)*

Wal-Mart Stock Incentive Plan (WSIP) scheme

The scheme has been in existence since 1999 Options are granted to employees annually and are exercisable in five or seven years from date of grant, depending on the grant agreement The options under this scheme are treated as cash-settled

31 December 2009				31 December 2008			
Number of options (thousands)	**Range of exercise price £**	**Weighted average exercise price £**	**Weighted average remaining contractual life (years)**	Number of options (thousands)	Range of exercise price £	Weighted average exercise price £	Weighted average remaining contractual life (years)
4,595	**27 27 to 36 24**	**30 58**	**1 0**	5,387	28 26 to 40 13	33 77	1 7

Restricted Stock Rights (RSR) scheme

The scheme was introduced in 2008 as an alternative to the WSIP scheme Under the RSR scheme, employees are awarded the right to receive a predetermined number of shares in the ultimate parent company three years from the award date All RSRs are classed as unapproved from an Income Tax and National Insurance perspective RSR awards are treated as cash-settled

The number of share awards under the RSR scheme is as follows

	Number of options (thousands) 2009	Number of options (thousands) 2008
Outstanding at the beginning of the period	308	-
Granted during the period	306	318
Lapsed during the period	(32)	(10)
Outstanding at the end of the period	582	308
Vested at the end of the period	-	-

The Group offers a performance share plan (PSP) scheme, for which conditions exist in relation to exercise as described below

Performance Share Plan (PSP) scheme

The scheme came into existence on 20 July 2006 Under the scheme, selected executives were granted the right to receive shares in Wal-Mart Stores, Inc provided certain pre-determined performance goals are met In 2009 and 2008, these pre-determined goals were in respect of sales growth and return on investment All share awards under the PSP scheme have been issued for nil consideration and have a contractual life of between 1 and 3 years The share awards under this scheme are treated as cash-settled

Notes *(continued)*

22 Employee benefits *(continued)*

Share-based payments *(continued)*

The number of share awards under the PSP scheme is as follows

	Number of options (thousands) 2009	Number of options (thousands) 2008
Outstanding at the beginning of the period	643	170
Exercised during the period	(179)	(142)
Conditionally granted during the period	260	714
Lapsed during the period	(97)	(99)
Outstanding at the end of the period	627	643
Vested at the end of the period	-	-

The fair value of share options is measured using a Black-Scholes model taking into account the terms and conditions upon which the instruments were granted

The following table gives the assumptions applied to the options granted in the respective periods shown

	2009	2008
Expected dividend yield (%)	2 11	1 86
Expected volatility (%)	18 65	16 68
Risk-free interest rate (%)	1 36	1 99
Weighted average fair value of options granted (£)	6 67	5 47
Weighted average share price (£)	31 52	29 55
Expected life of option (years)	3 12	3 24

Volatility is a measure of the amount by which a price is expected to fluctuate during the period The company has used historical volatilities that correlate with the expected term of the options

Share options are exercisable in US dollars and the risk free interest rate is based on the applicable US treasury rate

The total expenses recognised for the period arising from share based payments and the associated amounts recognised in the balance sheet are as follows

		2009 £m	2008 £m
Cash-settled share based payment (credit)/charge		(1 2)	98 2
Total carrying amount of liabilities	- current	28 6	36 9
	- non-current	38 9	53 8
		67 5	90 7

Notes *(continued)*

23 Provisions

The provision represents provisions for lease obligations arising from discontinued activities The majority of this liability is expected to crystallise in the next 5 years

	Onerous lease provision	
	2009	2008
	£m	£m
Balance at 1 January	12 4	2 2
Provided during the year	5 0	10 2
Utilised during the year	(1 7)	-
Balance at 31 December	15 7	12 4

24 Share capital and premium

At 31 December 2009, 31 Deceember 2008 and 31 December 2007

	Number of shares thousands	Share capital £m	Share premium £m	Total £m
Allotted, called up and fully paid				
Ordinary shares of 25p each	3,135,705	783 9	568 4	1,352 3

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

The share premium account is used to record amounts received in excess of the nominal value of shares on issue of new shares

25 Obligations under leases

Operating lease agreements where Group is lessee

	Land and buildings		Other	
	2009	2008	2009	2008
	£m	£m	£m	£m
No later than one year	73 0	62 4	26 3	26 2
Later than one year and no later than five years	237 1	204 1	42 5	28 2
Later than five years	554 1	479 6	-	-
	864 2	746 1	68 8	54 4

The Group leases various offices, stores, warehouses, vehicles and equipment under non-cancellable operating lease agreements The leases have various terms and renewal rights They have no purchase options or escalation clauses

Notes *(continued)*

25 Obligations under leases *(continued)*

Operating lease agreements where Group is lessor

Future minimum lease income under non-cancellable agreements is receivable as follows

	2009 £m	2008 £m
No later than one year	11 7	12 0
Later than one year and no later than five years	28 5	29 6
Later than five years	23 9	26 3
	64 1	67 9

The Group sub-lets buildings of various natures under non-cancellable agreements The leases have various terms and renewal rights

Obligations under finance leases

The Group also leases buildings under finance leases These leases have terms of renewal but no purchase options and escalation clauses Renewals are at the option of the lessee Future minimum lease payments under finance leases are as follows

	2009 £m	2008 £m
Future minimum payments due		
No later than one year	5 1	5 1
Later than one year and no later than five years	20 6	20 2
Later than five years	53 9	56 6
	79 6	81 9
Lease finance charges allocated to future periods	(44 2)	(46 2)
Present value of minimum lease payments	35 4	35 7
The present value of minimum lease payments is analysed as follows,		
No later than one year	0 9	0 9
Later than one year and no later than five years	5 3	4 7
Later than five years	29 2	30 1
	35 4	35 7

26 Commitments

As at 31 December 2009, the Group had entered into contracts to purchase property, plant and equipment for £52 8m (2008 £19 9m)

The Group is committed to purchase electricity under contracts with a number of providers As at 31 December 2009, the commitment for the purchase of electricity under these contracts totalled £92 5m (2008 £86 9m)

Notes *(continued)*

27 Related parties

Identity of related parties

The following transactions were carried out with parent companies

	2009 £m	2008 £m
Technical assistance, services and royalties paid to Wal-Mart Stores, Inc	59 3	127 8
Interest payable on loans from Wal-Mart Stores (UK) Limited	-	68 6
Interest payable on loans from Broadstreet Great Wilson Europe Limited	30 1	21 6
Interest payable on loans from Corinth Investments Limited	21 5	-
Interest payable on loans from Wal-Mart LN (UK) Limited	60 6	-
Interest receivable on loans to Wal-Mart Stores (UK) Limited	42 5	-
Loans from Broadstreet Great Wilson Europe Limited	504 5	405 9
Loans from Corinth Investments Limited	807 2	-
Loans from Wal-Mart LN (UK) Limited	1,077 6	1,020 7
Loans from Global George Limited	2 1	-
Loans from Wal-Mart Stores, Inc	-	18 7
Loans to Wal-Mart Stores (UK) Limited	1,513 9	318 9
Loans to Wal-Mart Stores, Inc	58 6	-
Loans to Global George Limited	-	0 8

Interest on intercompany loans is charged on an arm's length basis at a rate of 6% (2008 rates within the range of 4 5% - 10 8%)

£18 1m was paid to Broadstreet of Munsbach Sarl, a fellow subsidiary of the Group's ultimate parent company, during the year for interest due on Eurobonds (Note 20) At 31 December 2009, the Group's liability in respect of Eurobonds held by fellow subsidiaries of the ultimate parent company was £235 0m During the year, license fees of £11 7m have been charged by Global George Limited, a fellow subsidiary of the Group's ultimate parent company, which are included in intercompany payables at the year end

Amounts owed by fellow group entities totalled £1,572 5m at 31 December 2009, as disclosed in Note 17

Amounts owed to fellow group entities totalled £2,391 3m at 31 December 2009, as disclosed in Note 19

Other related party transactions

Key management are the statutory directors and transactions with them are disclosed in Note 6

28 Ultimate parent company and parent company of larger Group

The Group's immediate parent company is Corinth Investments Limited, a company incorporated in England and Wales

The smallest group at which consolidated financial statements are prepared is Wal-Mart Stores (UK) Limited Copies of these financial statements are available for inspection at its registered office ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD

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

Notes *(continued)*

29 Post balance sheet events

An interim dividend of £230 0m (7 33p per share) was paid on 29 January 2010 and will be accounted for as an appropriation of retained earnings in the year ended 31 December 2010

On 31 March 2010, an Advance Pricing Agreement, which would determine the amount of royalty paid to Wal-Mart Stores, Inc each year, received formal approval from the appropriate UK and US authorities These changes included revisions to royalties charged in prior years, which has resulted in the company recognising a reduction of royalties for prior years of £114 9m in these financial statements, and accordingly a net increase in the tax liability and tax charge The changes follow discussions with UK and US authorities over a number of years The revision of the royalty agreement is one off in nature and is not expected to recur During the year the underlying royalty payments made to Wal-Mart Stores, Inc , excluding this refund, increased by £46 0m

On 27 May 2010, the Group announced it had reached agreement with Dansk Supermarked A/S to purchase its fully owned subsidiary, Netto Foodstores Limited The transaction, which remains subject to regulatory approval, will enable the Group to convert Netto's UK locations into ASDA stores and integrate them into its new supermarkets division for units smaller than 25,000 square feet

On 22 June 2010, the UK government announced its intention to propose that Parliament reduce the UK corporate income tax rate from 28% to 24% over a period of four years commencing 1 April 2011 As of 31 December 2009, the tax rate changes were not substantively enacted If these changes had been substantively enacted, the maximum effect on the deferred tax liability as at 31 December 2009 would have been a decrease of approximately £20 0m and a decrease on the deferred tax expense of approximately £20 0m

ASDA Group Limited – Parent Company

Directors' responsibilities statement

The dırectors are responsıble for preparıng the dırectors' report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng those financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgements and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subject to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report to the members of ASDA Group Limited

We have audited the parent company financial statements of ASDA Group Limited for the year ended 31 December 2009 which comprise the Balance Sheet, and the related notes 1 to 13 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 46, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the parent company 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 parent 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

Opinion on financial statements
In our opinion the parent company financial statements
- give a true and fair view of the state of the company's affairs as at 31 December 2009,
- 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 matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Other matter
We have reported separately on the group financial statements of ASDA Group Limited for the year ended 31 December 2009

Ernst & Young LLP

Liz Barber (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Leeds
6 July 2010

Company balance sheet
as at 31 December 2009

	Note	2009 £m	2008 £m
Fixed assets			
Investments	*4*	2,799 4	1,990 9
		2,799 4	1,990 9
Current assets			
Debtors	*5*	1,829 4	2,502 8
Cash	*6*	115 2	168 0
		1,944 6	2,670 8
Creditors amounts falling due within one year			
Borrowings	*8*	(75 9)	-
Other creditors	*7*	(2,459 8)	(2,479 7)
Net current assets		(591 1)	191 1
Total assets less current liabilities		2,208 3	2,182 0
Creditors amounts falling due after more than one year			
Borrowings	*8*	(149 2)	(225 1)
Net assets		2,059 1	1,956 9
Capital and reserves			
Share capital	*9*	783 9	783 9
Share premium	*10*	568 4	568 4
Revaluation reserve	*10*	156 2	156 2
Profit and loss account	*10*	550 6	448 4
Total shareholders' funds		2,059 1	1,956 9

These financial statements were approved by the board of directors on 6 July 2010 and were signed on its behalf by

J J Mckenna
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Accounting basis

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006 The Company has taken the exemption under FRS 1 *'Cash Flow Statements'* not to present a cash flow statement

Under the provisions of FRS 8 *'Related Parties'* the company is not required to disclose details of intragroup transactions between group entities as the parent's financial statements are presented with consolidated accounts

The Company has taken advantage of the exemption in paragraph 2D of FRS 29 *'Financial Instruments Disclosures'* and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 *'Financial Instruments Disclosures'*

Deferred tax

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 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,
- 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

Investments

Investments in subsidiaries are stated at cost less provision for impairment

Short term investments are stated at the lower of cost and net realisable value All income from these investments is included in profit and loss as interest receivable and similar income

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 profit and loss

2 Auditors' remuneration

The Company's audit fee for the year ended 31 December 2009 was £2,800 The Company's audit costs are paid by another group company

Notes *(continued)*

3 Staff numbers and costs

The Company is an intermediate holding company and has no employees

Directors' remuneration is paid by another group company Directors' time is spent predominantly in relation to ASDA Stores Limited, with limited time spent in relation to ASDA Group Limited as a company It is therefore not deemed practical to allocate a portion of these costs to ASDA Group Limited as a company

4 Fixed asset investments

	Investment in subsidiaries £m
Cost at 1 January 2009	2 004 2
Additions	960 0
Disposals	(151 5)
Cost at 31 December 2009	2,812 7
Impairment at 1 January 2009 and 31 December 2009	(13 3)
Net book value at 31 December 2009	2,799 4
Net book value at 31 December 2008	1,990 9

Following a review of the carrying value of investments held by the Company, no impairment charge (2008 £nil) has been recognised

On 6 August 2009, as part of a group reconstruction, the Company sold its investment in one of its subsidiaries, Corinth Services Limited, to its immediate parent company, Wal-Mart Stores (UK) Limited, in exchange for intercompany debt of £174 7m The carrying value of the investment disposed was £150 9m, giving rise to a gain on disposal in the year in the Company of £23 8m Following this group reconstruction, on 21 August 2009, Corinth Services Limited changed its name to Corinth Investments Limited

Subsidiary undertakings

As at 31 December 2009, the following companies, being those whose results principally affect the financial position of the Group, were subsidiary undertakings whose ordinary share capital was wholly owned, and which were registered in England and Wales and operating in the UK

	Principal activities	*Holding company*
ASDA Stores Limited	Retailing	ASDA Group Limited
McLagan Investments Limited	Property Investment	ASDA Group Limited
The Burwood House Group Limited	Property Investment	McLagan Investments Limited

5 Debtors

	31 December 2009 £m	31 December 2008 £m
Amounts owed by subsidiary undertakings	1,829 4	2,502 8

Notes *(continued)*

6 Cash

	31 December 2009 £m	31 December 2008 £m
Cash	115 2	168 0

Cash held by the company is in short term instruments with approved counterparties

7 Creditors: amounts falling due within one year

	31 December 2009 £m	31 December 2008 £m
Bank overdraft	-	2 1
Amounts owed to subsidiary undertakings	2,449 2	2,467 0
Accruals	10 6	10 6
	2,459 8	2,479 7
Borrowings (Note 8)	75 9	-

8 Borrowings

	31 December 2009 £m	31 December 2008 £m
Amounts repayable within one year		
Bonds due 2010 (a)	75 9	-
Amounts repayable between one and five years		
Bonds due 2010 (a)	-	75 9
Amounts repayable in five years or more		
Bonds due 2015 (b)	149 2	149 2
	225 1	225 1

a) On 31 March 1989, the Company issued £125 0m of unsecured 10 7/8% bonds at 101 753% of nominal value redeemable at par on 20 April 2010, unless previously redeemed at the Company's request, at the higher of par or a price calculated to provide a yield equal to that earned on 12% Exchequer Stock 2013/2017 £16 2m of these bonds were subsequently redeemed at the Company's request in 1993 and a further £33 0m were redeemed at the Company's request in 1997 The remaining bonds have been redeemed in full on 20 April 2010

b) On 17 July 1998 the Company issued £150 0m of unsecured 6 5/8% bonds at 99 441% of nominal value redeemable at par on 17 July 2015 unless previously redeemed at the Company's request at the higher of the principal amount or a price calculated to provide a yield equal to that earned on 8% Treasury Stock 2015

On 17 September 2007, all of the outstanding Eurobonds issued by the Company were officially migrated from the Main Market to the Professional Securities Market of the London Stock Exchange

As at 31 December 2009, all borrowings were in Sterling at fixed rates of interest, except for the bank overdraft which is at a floating rate of interest

The weighted average interest rate of fixed rate debt is 8 1% (2008 8 1%)

Notes *(continued)*

9 Share capital

	Number	£m
Authorised at 31 December 2008 and 31 December 2009		
Ordinary shares of 25p each	5 000,000,000	1,250 0
Allotted, called up and fully paid at 31 December 2008 and 31 December 2009		
Ordinary shares of 25p each	3,135,704,690	783 9

10 Share premium and other reserves

	Share premium account	Revaluation reserve	Profit and loss account	Total
	£m	£m	£m	£m
At 1 January 2009	568 4	156 2	448 4	1,173 0
Profit for the year	-	-	282 2	282 2
Dividends paid during the year	-	-	(180 0)	(180 0)
At 31 December 2009	568 4	156 2	550 6	1,275 2

In accordance with the exemptions given by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account

The profit for the financial year in the financial statements of the Company was £282 2m (2008 £604 1m)

11 Commitments

The Company has no financial commitments (2008 none)

12 Ultimate parent company and parent company of larger Group

The Company's immediate parent company is Corinth Investments Limited, a company incorporated in England and Wales

The smallest group at which consolidated financial statements are prepared is Wal-Mart Stores (UK) Limited Copies of these financial statements are available for inspection at its registered office ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD

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13 Post balance sheet events

An interim dividend of £230 0m (7 33p per share) was paid on 29 January 2010 and will be accounted for as an appropriation of retained earnings in the year ended 31 December 2010