



Asda Stores Limited

Directors Report and Accounts

30th April 1988



ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

DIRECTORS AND OFFICERS

DIRECTORS

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

SECRETARY

M. Stratton

REGISTERED OFFICE

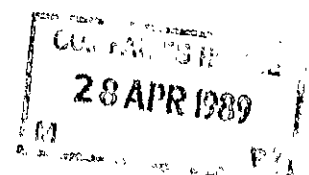
Asda House,
Southbank,
Great Wilson Street,
Leeds,
LS11 5AD

AUDITORS

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

BANKERS

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



ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

DIRECTORS' REPORT

The directors submit their report and the audited accounts of the Company for the 52 weeks ended 30 April 1988.

1. PROFIT AND LOSS ACCOUNT AND DIVIDENDS

The Company's profit for the financial year, as set out on page 7, amounted to £137,006,000 (1987 - £89,695,000) out of which the directors have paid and recommended dividends of £79,847,000 (1987 - £30,181,000) (see note 10 to the accounts).

The directors recommend payment of a final dividend on the ordinary shares of £20,300,000 (1987 - £ 19,277,000).

2. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the Company before the disposal noted below was the retailing of food and non-food products, together with the processing of dairy and other food products.

On 22 August 1987 the Associated Fresh Foods dairy division was sold for a cash consideration of £79.7 million. The disposal has been treated in the accounts as an extraordinary item (see note 9 to the accounts).

Subsequent to this event the principal activity of the Company has been the retailing of food and non-food products, together with the processing of meat products.

3. FUTURE DEVELOPMENTS

The group continues to expand into new areas of merchandise where considered appropriate and plans to continue physical expansion of retail stores and manufacturing units as and when the appropriate opportunity arises.

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

DIRECTORS' REPORT (continued)

4. FIXED ASSETS

Payments under contracts not yet completed amount to £133,226,000 (1987 - £ 146,341,000) reflecting the continued impetus of new store openings and the revamp programme.

A summary of the changes in fixed assets is set out in note 12 to the accounts.

5. RESEARCH AND DEVELOPMENT

The Company policy is to invest in product innovation and process improvement at a level designed to enable it to retain and enhance its market position.

6. DIRECTORS AND THEIR INTERESTS

The following is a list of the present directors of the Company and those persons who were directors at some time during the financial year:-

	Date of Appointment	Date of Resignation
F J Allan	9 September 1987	
W E Bailey	9 September 1987	
P R Baines		9 September 1987
E G Bousfield		9 September 1987
K W Clarke	9 September 1987	
L A Campbell	9 September 1987	
P E Dowling	9 September 1987	
A E Gardiner		9 September 1987
D M Gransby		
J N Hardman		
D S Hunt		25 August 1987
E W Lea		
M A Palmer	9 September 1987	
M D Shaw		25 March 1988
K Shingler	29 January 1988	
G H Stow	9 September 1987	
G G Street	9 September 1987	
R D Scott	9 September 1987	

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

DIRECTORS' REPORT (continued)

The interests of the directors of the Company at 30 April 1988 in the shares of the ultimate holding company, Asda Group plc, as defined by the Companies Act 1985, were as follows:-

	Executive Option Scheme 1981	Share 1984	Savings Share Scheme	Related Option	Ordinary Shares of 25p each as at 2 May 1987 (or date of appointment if later)
	as at 30 April 1988		as at 30 April 1988		30 April 1988
F J Allan	-	212,098	-		26,643
W E Bailey	-	248,200	-		769
K W Clarke	-	254,698	5,384		6,263
P E Dowling	35,555	218,028	6,769		1,949
M A Palmer	-	175,129	5,384		683
R D Scott	-	180,461	5,384		711
K Shingler	10,000	164,414	15,046		30,452
G G Street	-	212,901	5,522		28,088
					13,588

Messrs Campbell, Gransby, Hardman, Lea and Stow have their interests shown in the Asda Group plc accounts.

None of the directors of the Company have any interest in any contracts entered into by the Company.

7. CHANGE OF NAME

The Company changed its name to Asda Stores Limited after adoption of a Special Resolution on 17 August 1987 which became effective on 25 August 1987.

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

DIRECTORS' REPORT (continued)

8. EMPLOYEES AND EMPLOYEE POLICIES

The average number of employees and their remuneration are shown in note 3 to the accounts.

It is the Company's policy that employees should be kept as fully informed as is practicable about the Company's progress through the media of its management association, trade union consultative machinery, 'team briefings', Company newspapers, the annual employee financial report and regular visits by directors.

Employees are involved in the performance of the whole Group through the Savings Related Share Option Scheme and the specific performance of the Company through the Share Participation Scheme.

Under the Share Participation Scheme there are now 22,000 employees eligible for the scheme and £2,690,000 has been set aside from profit for this year's appropriation.

The Company is committed to the continuing development of its Equal Opportunities Policies.

It is also Company policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for the Company's employees who become disabled to continue their employment or to be trained for other positions in the Company's employment.

9. CHARITABLE AND POLITICAL DONATIONS

Charitable donations amounted to £253,000 (1987 - £ 65,000). There were no political donations made during the year.

10. INCOME AND CORPORATION TAXES ACT 1988

The close company provisions of this Act do not apply to this company.

11. AUDITORS

Ernst & Whinney have expressed their willingness to continue in office, and a resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the board

M Stratton

Secretary

11 July 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF ASDA STORES LIMITED

We have audited the accounts set out on pages 7 to 21 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 April 1988 and of the profit and source and application of funds for the 52 weeks then ended and comply with the Companies Act 1985.

Robert S. Whitney
Ernst & Whinney

London

11 July 1988

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE FIFTY-TWO WEEKS ENDED 30 APRIL 1988

	Note	1988 £'000	1987 £'000
TURNOVER	2	2,303,643	2,118,559
Operating costs		2,156,895	1,981,764
		-----	-----
OPERATING PROFIT	2,3	146,748	136,795
Other income	5	2,210	2,280
Interest payable and similar charges	6	(645)	(288)
		-----	-----
PROFIT BEFORE TAXATION AND PROFIT SHARING		148,313	138,787
Profit sharing	7	2,690	2,716
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		145,623	136,071
Taxation	8	45,693	46,376
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		99,930	89,695
Extraordinary profits	9	37,076	—
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		137,006	89,695
Dividends	10	79,847	30,181
		-----	-----
RETAINED PROFIT		57,159	59,514
		-----	-----

Movements on retained profits are set out in note 21.

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

BALANCE SHEET - 30 APRIL 1988

	Note	1988 £'000	1987 £'000
FIXED ASSETS			
Intangible assets	11	-	1,902
Tangible assets	12	831,474	610,406
Investments	13	100	4,500
		<hr/>	<hr/>
		831,574	616,808
CURRENT ASSETS			
Stocks	14	152,395	136,760
Debtors	15	27,997	30,558
Investments	16	393	1,359
Cash at bank and in hand		29,172	26,469
		<hr/>	<hr/>
		209,957	195,146
CREDITORS - amounts falling due within one year			
	17	(696,793)	(522,002)
		<hr/>	<hr/>
NET CURRENT LIABILITIES			
		(486,836)	(326,856)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		344,738	289,952
CREDITORS - amounts falling due after more than one year			
	18	(52,202)	(51,897)
PROVISIONS FOR LIABILITIES AND CHARGES			
	19	(16,984)	(19,291)
		<hr/>	<hr/>
		275,552	218,764
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	20	28,009	28,009
Share premium account		260	260
Profit and loss account	21	247,283	190,495
		<hr/>	<hr/>
		275,552	218,764
		<hr/>	<hr/>

[Signature]
J N Hardman

R D Scott

)
) Directors
)

Approved by the board
on 11 July 1988

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE FIFTY-TWO WEEKS ENDED 30 APRIL 1988

	1988 £'000	1987 £'000
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit before taxation	145,623	136,071
Adjustment for item not involving the movement of funds:		
Depreciation	31,439	26,936
Total generated from operations	177,062	163,007
FROM OTHER SOURCES		
Proceeds from disposal of division *	79,706	-
Net disposal of fixed asset investments	4,400	-
	84,106	-
FUNDS APPLIED		
Dividends paid	78,824	26,355
Taxation paid	48,630	23,541
Net purchase of fixed assets *	275,023	211,963
Extraordinary disposal costs *	5,819	-
Goodwill purchased and written off to reserves	371	-
	408,667	261,859
	(147,499)	(98,852)
INCREASE/(DECREASE) IN WORKING CAPITAL *		
Stocks	25,814	24,619
Debtors	13,763	7,244
Investments	(966)	(1,507)
Creditors	(188,853)	(137,471)
Net liquid funds	2,743	8,263
	(147,499)	(98,852)

* Summary of the effects on net assets of the disposal of the AFF dairy division.

	£'000
Fixed assets	24,418
Stocks	10,179
Debtors	16,324
Creditors	(14,150)
Net liquid funds	40
	36,811
Disposal costs	5,819
Extraordinary profit after taxation	37,076
	79,706

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

1. ACCOUNTING POLICIES

(a) Basis of accounts

The accounts are prepared under the historical cost convention.

(b) Group accounts

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

(c) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, excluding freehold land, over their estimated useful lives as follows:

Freehold buildings and long leasehold property	67 years
Short leasehold property	Over period of lease
Plant and equipment	3-20 years
Motor vehicles	4-10 years

Leased assets are depreciated in accordance with the depreciation accounting policy so as to write off their capitalised cost over the shorter of their estimated useful lives or the lease terms.

(d) Capitalisation of interest

Interest incurred on borrowings to finance specific property developments is capitalised net of tax relief.

(e) Leased assets

Assets held under finance leases are capitalised as tangible assets and included in creditors at the cost of outright purchase.

Rentals are apportioned between reductions in the capital obligations included in creditors, and those relating to finance charges which are charged to the profit and loss account at a constant periodic rate of charge.

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

(f) Government grants

Government grants in respect of expenditure on fixed assets are credited to a separate account and credit is taken in the profit and loss account over the estimated average life of the relevant assets.

(g) Stocks

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

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

1 ACCOUNTING POLICIES (continued)

(h) Deferred taxation

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

(i) Research and development

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

(j) Turnover

Turnover comprises value of sales exclusive of VAT and intra-company transactions.

(k) Investments

Investments are stated at the lower of cost or net realisable value.

2 ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES

	Turnover		Operating profit	
	1988	1987	1988	1987
	£'000	£'000	£'000	£'000
Asda Stores	2,271,448	2,018,577	143,666	124,935
Asda Manufacturing	37,601	37,394	1,466	2,231
less: Intra-company sales	(35,931)	(36,342)	-	-
Continuing business	2,273,118	2,019,629	145,132	127,166
AFD Dairy Division	30,525	98,930	1,616	9,343
	2,303,643	2,118,559	146,748	136,509

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

3 OPERATING PROFIT

Arrived at after charging:

	1988 £'000	1987 £'000
Change in stocks	(26,914)	(24,619)
Other operating income	(15,754)	(9,690)
Raw materials and consumables	1,837,015	1,704,535
Staff costs	202,027	177,849
Depreciation of tangible fixed assets	31,439	26,936
Other operating charges	129,082	107,039
	<hr/> 2,156,895 <hr/>	<hr/> 1,982,050 <hr/>

Within other operating charges:

	1988 £'000	1987 £'000
Operating lease charges for plant and machinery	3,168	2,060
Auditors' remuneration	71	81
	<hr/>	<hr/>

Within staff costs:

	1988 £'000	1987 £'000
Wages and salaries	185,722	162,843
Social security costs	12,150	11,392
Other pension costs	4,155	3,614
	<hr/> 202,027 <hr/>	<hr/> 177,849 <hr/>

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

3 OPERATING PROFIT (continued)

Information in respect of emoluments of employees,
excluding pension contributions:

	Number of employees	
	1988	1987
£30,001 - £35,000	45	21
£35,001 - £40,000	19	6
£40,001 - £45,000	6	4
£45,001 - £50,000	6	7
£50,001 - £55,000	9	2
£55,001 - £60,000	-	-
£60,001 - £65,000	-	5
£65,001 - £70,000	-	2

The average number of employees in each week was 43,113
(1987 - 37,079) and is broken down into the following
categories:

	1988	1987
Asda Stores	41,270	34,125
Asda Manufacturing	1,320	1,254
AFF Dairy Division	523	1,700
	<hr/> 43,113 <hr/>	<hr/> 37,079 <hr/>

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

4 EMOLUMENTS OF DIRECTORS

	1988 £'000	1987 £'000
Fees	-	-
Other emoluments	627	-
	<u>627</u>	<u>-</u>

Excluding pension contributions, the emoluments of the highest paid director were £69,818 (1987 - Nil). The number of directors, excluding the highest paid director, whose remuneration (excluding pension contributions) fell in the following categories, were:

	1988	1987
£ 0 - £ 5,000	8	7
£15,001 - £20,000	1	-
£20,001 - £25,000	1	-
£50,001 - £55,000	3	-
£60,001 - £65,000	1	-
£65,001 - £70,000	3	-

5 OTHER INCOME

	1988 £'000	1987 £'000
Interest receivable	2,210	2,198
Sundry income	-	82
	<u>2,210</u>	<u>2,280</u>

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

6 INTEREST PAYABLE AND SIMILAR CHARGES

	1988 £'000	1987 £'000
Repayable within five years		
Interest payable to group companies	18,827	10,857
Bank overdraft interest	108	464
Sundry interest	-	19
Finance lease charges	582	286
Repayable after five years		
Debenture and mortgage interest	35	35
	<hr/> 19,552	<hr/> 11,661
Interest capitalised before tax relief of £6,617,000 (1987 - £3,981,000)	(18,907)	(11,373)
	<hr/> 645	<hr/> 288

7 PROFIT SHARING

The profit allocated this year to the Asda Group Plc Share Participation Scheme for the subscription for ordinary shares in Asda Group Plc is £2,690,000 (1987 - £2,716,000).

8 TAXATION

The charge based on the profit for the year comprises:

	1988 £'000	1987 £'000
UK Corporation tax at 35% (1987 - 35%)	51,107	51,585
Deferred taxation	(5,001)	(5,209)
	<hr/> 46,106	<hr/> 46,376
Prior period adjustments	(413)	-
	<hr/> 45,693	<hr/> 46,376

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

9. EXTRAORDINARY PROFITS

	1988 £'000	1987 £'000
Profit on disposal of division	42,173	-
less: tax thereon	(5,097)	-
	<u>37,076</u>	<u>-----</u>

The dairy division of Associated Fresh Foods was sold on 22 August 1987 for a cash consideration of £79.7 million.

10 DIVIDENDS

	1988 £'000	1987 £'000
Ordinary - first interim	17,100	10,904
- second interim	42,447	-
- proposed final	20,300	19,277
	<u>79,847</u>	<u>30,181</u>

The preference share dividends have been waived.

11 INTANGIBLE FIXED ASSETS

	1988 £'000	1987 £'000
Milk rounds	-	1,902
	<u>-----</u>	<u>-----</u>

The cost of milk rounds is capitalised upon purchase.

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

12 TANGIBLE FIXED ASSETS

	Freehold properties £'000	Leasehold properties £'000	Plant, machinery, equipment & vehicles £'000	Total £'000
Cost				
At 2 May 1987	204,445	187,128	186,836	578,409
Additions during year	155,624	56,850	54,183	266,657
Transfers within the group	29,377	(52)	1,286	30,611
Disposal of division	(9,782)	(2,350)	(27,209)	(39,341)
Other disposals	(1,406)	-	(17,220)	(18,626)
At 30 April 1988	378,258	241,576	197,876	817,710
Depreciation				
At 2 May 1987	11,053	14,960	88,331	114,344
Charge for year	3,146	3,579	24,714	31,439
On transfers within the group	160	(160)	821	821
Disposal of division	(1,594)	(535)	(14,952)	(17,081)
Other disposals	(279)	-	(9,782)	(10,061)
At 30 April 1988	12,486	17,844	89,132	119,462
Net book amounts at 30 April 1988	365,772	223,732	108,744	698,248
Assets under construction (1987 - £146,341,000)				133,226
Net book amounts at 30 April 1988				831,474
Net book amounts at 2 May 1987				610,406

The cost of freehold land included within freehold properties is £216,082,000 (1987 - £130,719,000).

An amount of £12,290,000 (1987 - 7,392,000) has been included in additions in respect of interest capitalised during the year ended 30 April 1988 after deducting tax relief of £6,617,000 (1987 - £3,981,000).

The net book amount of plant, machinery, equipment and vehicles for the company includes £8,818,000 (1987 - £7,948,000) in respect of leased assets after charging depreciation of £2,089,000 (1987 - £844,000).

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

12 TANGIBLE FIXED ASSETS (continued)

The net book value of leasehold property comprises:

	1988 £'000	1987 £'000
Leases with fifty years or more unexpired	211,171	160,382
Leases with less than fifty years unexpired	12,561	11,786
	<u>223,732</u>	<u>172,168</u>

13 FIXED ASSET INVESTMENTS

	1988 £'000	1987 £'000
Subsidiary company - shares at cost	<u>100</u>	<u>4,500</u>

The subsidiary company which is wholly owned is McLagan Investments Limited, a company registered in England. McLagan Investments Limited is a property investment company.

14 STOCKS

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

15 DEBTORS

	1988 £'000	1987 £'000
Amounts falling due within one year		
Trade debtors	1,860	11,110
Amounts owed by fellow subsidiary companies	4,671	1,854
Other debtors	14,788	11,649
Prepayments and accrued income	6,678	5,423
	<u>27,997</u>	<u>30,036</u>
Amounts falling due after more than one year		
Debtors on deferred terms	-	522
	<u>27,997</u>	<u>30,558</u>

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

16 INVESTMENTS

Investments include vacant properties awaiting disposal written down to net realisable value of £300,000 (1987 - £1,270,000).

17 CREDITORS - amounts falling due within one year

	1988 £'000	1987 £'000
Trade creditors	208,727	170,997
Amounts owed to holding company	373,972	220,781
Amounts owed to fellow subsidiary companies	888	107
Amount owed to subsidiary company	-	4,500
Taxation	45,428	47,845
Social security	5,628	4,924
Other creditors	25,737	41,956
Accruals	13,497	9,783
Obligations under finance leases	2,616	1,832
Proposed dividend	20,300	19,277
	-----	-----
	696,793	522,002
	-----	-----

18 CREDITORS - amounts falling due after more than one year

	1988 £'000	1987 £'000
Taxation, payable 11 September 1989	47,013	45,226
Loans repayable 1995 to 2022 (interest rates 9 1/4% to 10 3/4%)	351	355
Obligations under finance leases within two to five years	4,058	4,550
Government grants	780	1,766
	-----	-----
	52,202	51,897
	-----	-----

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

19 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	1988 £'000	1987 £'000
Potential liability		
Capital allowances	35,350	33,625
Capital gains	24,653	7,865
Short term timing differences	1,804	1,502
	<u>61,807</u>	<u>42,992</u>
Provision retained		
UK capital allowances claimed in excess of depreciation charged	15,180	17,789
Short-term timing differences	1,804	1,502
	<u>16,984</u>	<u>19,291</u>

20 CALLED-UP SHARE CAPITAL

	Authorised 1988 & 1987 £'000	Allotted, issued and fully paid 1988 & 1987 £'000
3.85% cumulative preference shares of £1 each	500	500
Ordinary shares of 25p each fully paid	28,500	27,509
	<u>29,000</u>	<u>28,009</u>

21 PROFIT AND LOSS ACCOUNT

	£'000
At 2 May 1987	190,495
Retained profit for the year	57,159
Goodwill written off	(371)
	<u>247,283</u>
At 30 April 1988	

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTES ON THE ACCOUNTS - 30 APRIL 1988

22 FINANCIAL COMMITMENTS

The directors have authorised future capital expenditure which, without taking account of government grants, amounts to:

	1988 £'000	1987 £'000
Contracted	73,408	71,520
Not contracted	500,081	267,838

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

	1988 £'000	1987 £'000
Leases expiring:		
Within one year	663	396
Within two to five years	2,194	683
Thereafter	8,139	8,020
	<hr/> 10,996	<hr/> 9,099

23 PENSIONS

Retirement benefits to employees are provided by benefit schemes which are funded by contributions from the Company and employees. The schemes which are administered by trustees are revalued every 3 years by independent actuaries and operate entirely independently of the Company's finances. The schemes are fully funded and contributions are paid in accordance with the recommendations of the independent actuaries.

The Company's contribution are charged against profits in the period in which they are made.

24 ULTIMATE HOLDING COMPANY

The ultimate holding company is Asda Group Plc, a company registered in England.

ASDA STORES LIMITED

(FORMERLY ASSOCIATED DAIRIES LIMITED)

NOTICE OF MEETING

Notice is hereby given to the ordinary shareholders of the Company that the Annual General Meeting of the Company will be held on 14th September 1988 at 10.30 a.m. for the following purposes:

Resolution 1 To receive the report of the directors and the accounts for the fifty-two weeks to 30 April 1988 with the report of the auditors thereon and declare a dividend.

Resolution 2 To re-appoint Messrs Ernst & Whinney as auditors of the Company and to authorise the directors to fix their remuneration.

By order of the Board

M Stratton

Secretary

11 July 1988