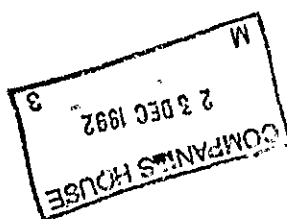


COMPANY NUMBER 464777



ASDA STORES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE 53 WEEKS ENDED 2 MAY 1992

A:ASL.92

ASDA STORES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

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

SECRETARY

P.M. White FCIS

REGISTERED OFFICE

Asda House
Southbank
Great Wilson Street
Leeds
LS11 5AD

AUDITORS

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

BANKERS

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

ASDA STORES LIMITED

DIRECTORS' REPORT

The directors submit their report and audited accounts of the company for the 53 weeks ended 2 May 1992.

1. PROFIT AND LOSS ACCOUNT AND DIVIDENDS

The Company's loss for the financial year, as set out on page 7, amounted to £69,271,000 (1991: profit - £100,654,000).

The company paid an interim dividend of £62,464,000.
The directors recommend that no final dividend be paid.

2. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

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.

4. FIXED ASSETS

A summary of the movements on fixed assets is set out in note 10 to the accounts.

ASDA STORES LIMITED

DIRECTORS' REPORT (continued)

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 directors of the Company at the end of the financial year and of those persons who were directors at some time during the financial year:-

	Date of Appointment	Date of Resignation
J Ballingall		
L F Boyle		
L A Campbell		
J G Fox		05.02.92
J Galloway		
J N Hardman		09.06.91
J R Harker		01.07.92
A G Jeffries		
B C Milburn		
M J Russell		31.08.92
K Shingler		
G H Stow		09.06.91
G G Street		
J Duggan	17.02.92	
P R Cox	27.01.92	
A L Leighton	11.03.92	
M G McBeath	18.02.92	
A J Norman	10.12.91	
P W Monaghan	01.08.92	

ASDA STORES LIMITED

DIRECTORS' REPORT (continued)

The interests of the directors of the Company at 2 May 1992 in the shares of the ultimate Parent undertaking, Asda Group plc, as defined by the Companies Act 1985, were as follows:-

	Executive Share Option Scheme 1984 as at 2 May 1992	Savings Related Share Option Scheme as at 2 May 1992	Ordinary Shares of 25p each as at 2 May 1992 27 April 1991 (or appointment if later)	
J Ballingall	314,208	13,381	20,785	10,940
L F Boyle	306,132	18,263	15,307	8,452
J Galloway	394,558	-	-	-
A G Jeffries	204,259	9,838	5,146	2,709
M J Russell	327,697	8,627	3,138	1,652
B C Milburn	224,426	-	8,292	4,365
K Shingler	261,460	13,922	38,222	36,212
G G Street	290,128	6,436	9,282	11,243
M G McBeath	-	-	-	-
J Duggan	266,547	-	1,366	1,366

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

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

ASDA STORES LIMITED

DIRECTORS' REPORT (continued)

7. 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 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.

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.

8. CHARITABLE AND POLITICAL DONATIONS

Charitable donations amounted to £150,000 (1991 - £159,000). There were no political donations made during the year.

9. INCOME AND CORPORATION TAXES ACT 1988

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

10. AUDITORS

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

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

By order of the Board

N Braithwaite

N Braithwaite

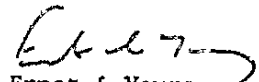
Secretary

10 December 1992

REPORT OF THE AUDITORS TO THE MEMBERS OF ASDA STORES LIMITED

We have audited the accounts on pages 7 to 24 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 2 May 1992 and of its loss for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor

London

10 December 1992

ASDA STORES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 2 MAY 1992 (1991 - 52 WEEKS)

	Note	1992 £'000	1991 £'000
TURNOVER	2	4,308,337	4,139,865
Operating costs		4,190,682	3,952,019
		-----	-----
OPERATING PROFIT	2,3	117,655	187,846
Interest receivable and similar income	5	29,539	65,940
Interest payable and similar charges	6	(30,775)	(104,367)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL CHARGES		116,419	149,411
EXCEPTIONAL CHARGES	7	(195,120)	-
		-----	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(78,701)	149,419
Taxation	8	(9,430)	48,765
		-----	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(69,271)	100,654
		-----	-----
Dividends	9	62,464	-
		-----	-----
RETAINED (DEFICIT)/PROFIT FOR THE YEAR	20	(131,735)	100,654
		-----	-----

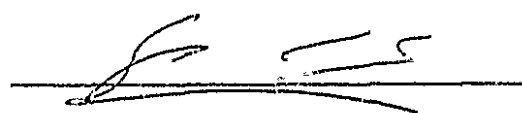
Movements on retained profits are set out in note 20

The notes on pages 9 to 24 form part of these accounts

ASDA STORES LIMITED

BALANCE SHEET - 2 MAY 1992

	Note	1992 £'000	1991 £'000
FIXED ASSETS			
Tangible assets	10	725,919	751,805
Investments	11	500,846	846
		-----	-----
		1,226,765	752,651
CURRENT ASSETS			
Stocks	12	217,027	253,233
Debtors	13	359,236	126,752
Investments		114	109
Cash at bank and in hand		30,640	72,706
		-----	-----
		607,017	452,800
CREDITORS - amounts falling due within one year	14	(552,606)	(740,658)
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		54,411	(287,858)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		1,281,176	464,793
CREDITORS - amounts falling due after more than one year	15	(225,100)	(9,345)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(112,956)	(37,231)
		-----	-----
		943,120	418,217
		-----	-----
CAPITAL AND RESERVES			
Called up share capital	19	584,865	28,009
Share premium account	20	260	260
Revaluation reserve	20	99,782	-
Profit and loss account	20	258,213	389,948
		-----	-----
		943,120	418,217
		-----	-----


 P R COX
 Director
 10 December 1992

The notes on pages 9 to 24 form part of these accounts.

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

1. ACCOUNTING POLICIES

(a) Basis of accounts

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

The accounts are prepared in accordance with applicable accounting standards.

(b) Group accounts

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

(c) Tangible Fixed Assets

The Company's tangible fixed assets are included in the balance sheet at cost less depreciation with the exception of its food retailing properties.

Food retailing properties have been included in the balance sheet at their open market value at 2 May 1992. This represents a change from the practice of previous years, when the carrying value of such assets was based on their historical cost. Where the open market value is less than the value based on cost, and the directors are satisfied that this shortfall is permanent, the deficit has been charged in the profit and loss account. Otherwise, the difference between the revalued amount and the previous carrying value has been taken to the revaluation reserve.

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

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

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

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

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

1. ACCOUNTING POLICIES (continued)

(c) Tangible Fixed Assets (continued)

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

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

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

(d) Capitalisation of interest

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

(e) 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 useful life of the relevant assets.

(f) Stocks

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

(g) Deferred taxation

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

(h) Research and development

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

(i) Turnover

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

(j) Investments

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

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

(k) Pensions

Asda Group plc, the ultimate parent undertaking, operates a defined benefit pension scheme for full time employees whose assets are held in a separate trustee administered fund. Contributions made to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the eligible employees' working lives. Variation in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of current employees in the scheme. Any differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Asda Group plc also operates a defined contribution pension scheme for certain employees whose assets are held in separate funds. Contributions made to the defined contribution scheme are charged to the profit and loss account in accordance with the funding arrangements for the scheme.

2. ANALYSIS OF TURNOVER AND OPERATING PROFITS BY ACTIVITIES

	1992		1991	
	Turnover	Operating Profit	Turnover	Operating Profit
	£'000	£'000	£'000	£'000
Asda Stores	4,304,764	116,226	4,137,550	184,449
Asda Manufacturing	149,521	1,429	145,133	3,397
Less: Intra-company sales	(145,948)	-	(142,818)	-
	4,308,337	117,655	4,139,865	187,846

3. OPERATING PROFIT

Arrived at after charging:

	1992 £'000	1991 £'000
Change in stocks	36,206	(1,982)
Other operating income	(16,769)	(27,558)
Raw materials and consumables	3,191,891	3,095,070
Staff costs	399,895	367,709
Depreciation of tangible fixed assets	66,892	60,970
Other operating charges	512,567	457,810
	4,190,682	3,952,019

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

3. OPERATING PROFIT (continued)

Within other operating charges:

	1992 £'000	1991 £'000
Operating lease charges		
Land and buildings	141,104	120,356
Plant and machinery	10,788	10,019
Amounts paid to auditors in respect of:		
Audit	97	95
Other	283	40
	-----	-----

Within staff costs:

	1992 £'000	1991 £'000
Wages and salaries	369,973	338,587
Social security costs	25,056	24,565
Other pension costs	4,866	4,557
	-----	-----
	399,895	367,709
	-----	-----

The average number of employees is analysed as follows:

	Employees	
	1992	1991
Asda Stores	64,767	69,654
Asda Manufacturing	1,733	1,513
	-----	-----
	66,500	71,167
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

4. EMOLUMENTS OF DIRECTORS

	1992 £'000	1991 £'000
Fees	-	-
Other emoluments	1,280	1,041
Compensation for loss of office	119	-
	-----	-----
	1,399	1,041
	-----	-----

	1992	1991
£0 - £5,000	-	5
£10,001 - £15,000	-	1
£20,001 - £25,000	1	-
£85,001 - £90,000	-	1
£90,001 - £95,000	-	3
£95,001 - £100,000	-	3
£100,001 - £105,000	6	1
£105,001 - £110,000	3	-
£110,001 - £115,000	-	1
£115,001 - £120,000	1	-

Included in the above is the highest paid director whose remuneration for the year ended 2 May 1992 amounted to £119,240 (1991: £111,540). The Chairman received no emoluments from the company.

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1992 £'000	1991 £'000
Interest receivable from group undertakings	28,657	65,811
Other	882	129
	-----	-----
	29,539	65,940
	-----	-----

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1992 £'000	1991 £'000
Repayable within five years:		
Interest payable to group undertakings	34,835	121,870
Bank overdraft interest	370	304
Sundry interest	-	-
Finance lease charges	1,253	1,505
Repayable after five years:		
Debenture and mortgage interest	33	21
	-----	-----
	36,491	123,700
Interest capitalised before tax relief of £1,886,000 (1991 - £6,573,000)	(5,716)	(19,333)
	-----	-----
	30,775	104,367
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

7. EXCEPTIONAL CHARGES

		1992 £'000	1991 £'000
Permanent diminution in value of food retailing properties	(a)	51,389	-
Restructuring and repositioning provisions relating to fixed assets	(b)	62,400	-
Other restructuring and repositioning provisions	(c)	62,260	-
Write off of deferred distribution costs	(d)	19,071	-
		-----	-----
		195,120	-
		-----	-----

- (a) As explained in note 10 on page 17 a valuation of the Company's food retailing properties was undertaken at 2 May 1992. This has resulted in a charge of £51,389,000 representing a permanent diminution in value.
- (b) During the year, the Company has undertaken a strategic review of its retail operations and has provided for the necessary restructuring and repositioning costs. These include provision for the write-off of redundant fixturation and closure costs of loss making stores.
- (c) Provision has been made for other costs of restructuring and repositioning the business including: expected revenue costs of relaying sales areas across the store portfolio and head office and management restructuring; rationalisation of products offered.
- (d) Pre-opening costs relating to the introduction of central distribution, and certain warehouse fixed costs which were not fully recovered whilst operations were below normal capacity, have been written-off. These costs were previously deferred and were being amortised over a five year period which, had such practice been continued, would have given a charge to the profit and loss account of £5m (1991: £5m). The Board has conducted a review of future strategy and structure of the business and therefore considers it no longer appropriate to amortise over an extended time frame costs associated with the implementation of earlier strategies.

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

8. TAXATION

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

	1992 £'000	1991 £'000
UK Corporation tax at 33% (1991: 34%)		
Current	13,404	39,002
Deferred	(53,336)	6,863
	(39,932)	45,865
Adjustments in respect of prior years		
Deferred	30,502	2,900
	(9,430)	48,765

9. DIVIDENDS

	1992 £'000	1991 £'000
Ordinary - interim	34,623	-
- second interim	27,841	-
	62,464	-

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

10. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Leasehold properties £'000	Plant machinery, equipment & vehicles £'000	Total £'000
Cost or Valuation:				
At beginning of year	129,050	351,758	429,803	910,611
Reclassifications	3,382	(5,274)	1,892	-
Additions during year	86,961	22,989	75,643	185,593
Transfers from other Group undertakings	4,281	203	-	4,484
Transfers to other Group undertakings	(120,111)	(6,029)	(9,831)	(135,971)
Disposals during year	(3,819)	(2,920)	(9,317)	(16,056)
Revaluation adjustments	3,504	39,653	(22,542)	20,615
At end of year	103,248	400,380	465,648	969,276
Depreciation:				
At beginning of year	3,679	23,360	189,070	216,109
Charge for year	1,509	3,286	62,097	66,892
Transfers from other Group undertakings	336	26	-	362
Transfers to other Group undertakings	(464)	-	(542)	(1,006)
Disposals during year	(736)	(286)	(8,068)	(9,090)
Revaluation adjustments	(166)	(16,005)	(11,607)	(27,778)
At end of year	4,158	10,381	230,950	245,489
Net book amount at 2 May 1992	99,090	389,999	234,698	723,787
Assets under construction (1991: £57,303,000)				2,132
Net book amounts at 2 May 1992				725,919
Net book amounts at 27 April 1991				751,805

10. TANGIBLE FIXED ASSETS (continued)

An open market valuation of a representative sample of the Company's food retailing properties as at 1 June 1992 has been carried out by Messrs. G L Hearn & Partners, Surveyors and Valuers. An open market valuation of the remainder of the Company's food retailing properties as at 2 May 1992 has been carried out by qualified surveyors of the Company's own property division. The results have been verified by comparison with an independent desktop valuation also carried out by Messrs G L Hearn & Partners. Open market value is defined in the revised Statement of Asset Valuation Practice Notes of the Royal Institution of Chartered Surveyors and this basis was adopted for the valuation exercises, with the exception of certain properties which in the opinion of the Directors may have a limited future life in existing use. In respect of the latter properties, the Directors have estimated their lower, alternative use value, with the exception of certain superstores which in the opinion of the Directors may have a limited future life in existing use. In respect of these superstores, the Directors have estimated their lower, alternative use value.

The results of these valuations have been incorporated into the Company's accounts, the effect of which is to increase the carrying amount of the Company's retail properties by £48,393,000.

Of this amount, a permanent diminution in value adjustments of £51,389,000 million has been charged to the profit and loss account (see note 7 on page 15) and a net surplus of £99,782,000 million has been taken to revaluation reserve (see note 20 on page 22).

An amount of £3,830,000 (1991 - £12,760,000) has been included in additions in respect of interest capitalised during the year ended 2 May 1992 after deducting tax relief of £1,886,000 (1991: £6,573,000).

The net book amount of plant, machinery, equipment and vehicles includes £22,023,916 (1991 - £25,480,492) in respect of leased assets after charging depreciation of £8,162,805 (1991 - £4,945,491).

The net book value of leasehold property comprises:

	1992 £'000	1991 £'000
Leases with fifty years or more unexpired	340,737	288,128
Leases with less than fifty years unexpired	49,262	40,270
	-----	-----
	389,999	328,398
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

11. INVESTMENTS - UNLISTED

	1992 £'000	1991 £'000
Cost		
At beginning of year	846	3,385
Additions/(Disposals)	500,000	(2,539)
	-----	-----
At end of year	500,846	846
	-----	-----

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

McLagan Investments Limited is a property holding company. Corinth Services Limited is a finance company.

12. STOCKS

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

13. DEBTORS

	1992 £'000	1991 £'000
Amounts falling due within one year		
Trade debtors	-	965
Amounts owed by fellow subsidiary undertakings	24,592	27,493
Other debtors	19,629	35,521
Prepayments and accrued income	58,915	44,057
	-----	-----
	103,136	108,036
Amounts falling due after one year		
Other debtors	-	18,716
Amounts owed by fellow subsidiary undertakings	256,100	-
	-----	-----
	359,236	126,752
	-----	-----

ASDA STORES LIMITED

NOTES TO THE ACCOUNTS - 2 MAY 1992

14. CREDITORS - amounts falling due within one year

	1992 £'000	1991 £'000
Trade creditors		
Amounts owed to parent undertaking	275,312	340,887
Amounts owed to fellow subsidiary undertakings	9,750	139,974
Taxation		
Social security	93,549	86,149
Other creditors	5,747	36,687
Accruals	7,747	7,232
Obligations under finance leases	93,883	73,405
Proposed dividend	59,839	50,392
Overdraft	5,023	5,932
	1,756	-
	552,606	740,658

15. CREDITORS - amounts falling due after more than one year

	1992 £'000	1991 £'000
Loans repayable 1995 to 2022 (interest rates 9 1/4% to 10 3/4%)	333	337
Obligations under finance leases within two to five years	8,386	8,516
Government grants	381	492
Amount owed to fellow subsidiary undertaking	216,000	-
	225,100	9,345

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

	£'000	£'000
Unsecured long loan stock dated 2010	258,625	-
Unsecured LIBOR loan stock dated 2010	57,375	-
	216,000	-

The long loan stock bears interest at a rate determined by the ultimate parent undertaking each year, the rate during the period being 9.84%. The LIBOR loan stock bears interest at 1.5% over LIBOR rate.

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

16. PROVISIONS FOR LIABILITIES AND CHARGES

	1992 £'000	1991 £'000
Deferred taxation (note 17)	4,615	27,449
Provision (note 18)	108,341	9,782
	-----	-----
	112,956	37,231
	-----	-----

17. DEFERRED TAXATION

	1992 £'000	1991 £'000
Potential liability		
Capital allowances	42,111	50,843
Capital gains	-	19,744
Short term timing differences	(37,496)	7,108
	-----	-----
	4,615	77,695
	-----	-----
Provision retained		
UK capital allowances claimed in excess of depreciation charged	42,111	20,341
Short-term timing differences	(37,496)	7,108
	-----	-----
	4,615	27,449
	-----	-----

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

18. PROVISIONS

	Acquisition Provision £'000	Restructuring Provisions £'000	Total £'000
At beginning of year	9,782	-	9,782
Arising during the year	-	124,660	124,660
Utilised during the year	(6,841)	(19,260)	(26,101)
	-----	-----	-----
At end of year	2,941	105,400	108,341
	-----	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 2 MAY 1992

19. CALLED-UP SHARE CAPITAL

	Authorised		Allotted called up, and fully paid	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Ordinary shares of £1 each	29,000	-	28,009	-
Ordinary shares of 25p each	-	28,500	-	27,509
3.85% cumulative preference shares of £1 each	-	500	-	500
Redeemable ordinary shares of £1 each	721,000	471,000	556,856	-
	-----	-----	-----	-----
	750,000	500,000	584,865	28,009
	-----	-----	-----	-----

During the year the ordinary shares of 25p each and the 3.85% cumulative preference shares of £1 each were converted at par to fully paid ordinary shares of £1 each, the authorised share capital of the Company was increased to £750 million and 556,856,118 of the redeemable ordinary shares of £1 each were issued at par. The shares were issued as part of a restructuring of the internal financing of the Group.

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

20. RESERVES

	Share Premium Account £'000	Revaluation Reserve £'000	Profit and Loss Account £'000
At beginning of year	260	-	389,948
Surplus on revaluation of food retailing properties	-	99,782	-
Deficit for the year	-	-	(131,735)
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At end of year	260	99,782	258,213
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ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 27 APRIL 1991

21. FINANCIAL COMMITMENTS

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

	1992 £'000	1991 £'000
Contracted	3,774	30,199
Not contracted	37,603	172,265
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The annual commitment under non-cancellable operating leases, mainly in respect of land and buildings, is as follows:

	1992 £'000	1991 £'000
Leases expiring:		
Within one year	-	85
Within two to five years	316	315
Thereafter	135,878	118,990
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	136,194	119,390
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22. PENSIONS

Asda Group plc, the ultimate parent undertaking, operates a defined benefit pension scheme for full time employees whose assets are held in a separate trustee administered fund. The benefits are based upon the eligible employees' final salary and are funded by contributions from the employees and the employing company over the period of the employee's service at a rate determined by triennial actuarial valuations carried out by independent qualified consulting actuaries. The most recent actuarial valuations were carried out as at 1 March and 6 April 1992, the details of which are contained in the accounts of the Asda Group plc.

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

23. CASH FLOW STATEMENT

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

ASDA STORES LIMITED

24. ULTIMATE PARENT UNDERTAKING

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

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