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ASDA STORES LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

FOR THE 52 WEEKS ENDED 28 APRIL 1990

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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

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 the audited accounts of the Company for the 52 weeks ended 28 April 1990.

1. PROFIT AND LOSS ACCOUNT AND DIVIDENDS

The Company's profit for the financial year, as set out on page 7, amounted to £8,276,000 (1989 - £98,490,000). The directors have recommended dividends of £29,455,000 (1989 - £35,300,000) (see note 10 to the accounts).

The directors recommend payment of a final dividend on the ordinary shares of £18,583,000 (1989 - £22,000,000).

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.

ASDA STORES LIMITED

DIRECTORS' REPORT (continued)

4. FIXED ASSETS

During the year the Company's Ultimate Holding Company, Asda Group Plc, agreed with Isosceles Plc to purchase 60 superstores. Of these, 17 were acquired directly by Asda Stores Limited. A summary of the changes in fixed assets is set out in note 11 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		24.11.89
W E Bailey		15.01.90
J Ballingall	15.01.90	
L F Boyle	15.01.90	
K W Clarke		15.01.90
L A Campbell		
J Galloway	07.11.89	
J N Hardman		
J R Harker	15.01.90	
A G Jeffries	15.01.90	
A D Lyons	03.01.90	
B C Milburn	15.01.90	
J A L Miller	06.10.89	15.12.89
M A Palmer		15.01.90
K Shingler		
G H Stew		
G G Street		
R D Scott		03.01.90
J D Duggan		

ASDA STORES LIMITED

DIRECTORS' REPORT (continued)

The interests of the directors of the Company at 28 April 1990 in the shares of the ultimate holding company, Asda Group plc, as defined by the Companies Act 1985, were as follows:-

	Executive Share Option Scheme 1984	Savings Related Share Option Scheme	Ordinary Shares of 25p each	
	as at 28 April 1990	as at 28 April 1990	as at 28 April 1990	29 April 1969
J Ballingall	172,476	-	10,940	940
L F Boyle	224,960	6,016	8,452	3,452
J Duggan	228,660	-	719	-
J Galloway	305,357	-	-	-
A G Jeffries	132,412	4,615	2,709	2,709
A D Lyons	167,139	-	2,053	1,053
B C Milburn	80,348	5,669	4,365	2,365
K Shingler	201,678	6,145	36,212	35,078
G G Street	224,180	5,522	11,243	24,689

Messrs Campbell, Hardman, Harker 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.

ASPA 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, 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.

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 £158,000 (1989 - £58,000). 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, and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board

P M White

Secretary
17 July 1990



REPORT OF THE AUDITORS TO THE MEMBERS OF ASDA STORES LIMITED

We have audited the accounts on pages 7 to 23 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 28 April 1990 and of the profit and source and application of funds for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young

London

17 July 1990

ASDA STORES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE FIFTY-TWO WEEKS ENDED 28 APRIL 1990

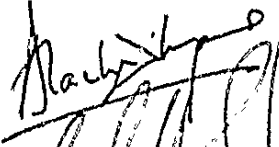
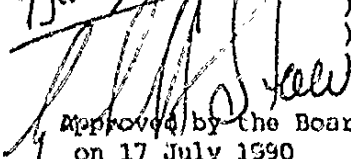
	Note	1990 £'000	1989 £'000
TURNOVER	2	3,289,324	2,511,073
Operating costs		3,121,884	(2,358,494)
OPERATING PROFIT	2,3	167,440	152,529
Exceptional Charges	5	(124,325)	-
Interest receivable and similar income	6	62,918	23,002
Interest payable and similar charges	7	(95,998)	(27,100)
PROFIT BEFORE TAXATION AND PROFIT SHARING		10,035	148,431
Profit sharing		-	3,345
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,035	145,086
Taxation	8	21,033	46,596
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(10,998)	98,490
Extraordinary items after taxation	9	19,274	-
PROFIT FOR THE FINANCIAL YEAR		8,276	98,490
Dividends	10	29,455	35,300
(DEFICIT)/RETAINED PROFIT FOR THE YEAR	21	(21,179)	63,190

Movements on retained profits are set out in note 21

ASDA STORES LIMITED

BALANCE SHEET - 28 APRIL 1990

	Note	1990 £'000	1989 £'000
FIXED ASSETS			
Tangible assets	11	732,900	713,112
Investments	12	3,385	2,599
		-----	-----
		736,285	715,711
CURRENT ASSETS			
Stocks	13	251,251	150,061
Debtors	14	419,572	121,017
Investments		104	399
Cash at bank and in hand		36,965	2,454
		-----	-----
		707,892	273,931
CREDITORS - amounts falling due within one year	15	(1,068,918)	(583,869)
		-----	-----
NET CURRENT LIABILITIES		(361,026)	(309,938)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		375,259	405,773
CREDITORS - amounts falling due after more than one year	16	(6,230)	(51,031)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(51,486)	(16,000)
		-----	-----
		317,563	338,742
		-----	-----
CAPITAL AND RESERVES			
Called up share capita	20	28,009	28,009
Share premium account		260	260
Profit and loss account	21	289,294	310,473
		-----	-----
		317,563	338,742
		-----	-----



Approved by the Board
on 17 July 1990

Directors

ASDA STORES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE FIFTY-TWO WEEKS ENDED
28 APRIL 1990

	1990 £'000	1989 £'000
SOURCE OF FUNDS FROM OPERATIONS		
Profit before taxation	10,635	145,086
Extraordinary item	19,274	-
	-----	-----
Adjustment for item not involving the movement of funds:	29,309	145,086
Depreciation	44,260	33,048
	-----	-----
Total generated from operations	73,569	178,134
FROM OTHER SOURCES		
Net disposal of fixed asset investments	-	481,619
	-----	-----
	73,569	659,753
	-----	-----
FUNDS APPLIED		
Dividends paid	32,872	33,600
Taxation paid	101,655	4,736
Net purchase of tangible fixed assets	64,048	396,304
Purchase of fixed asset investments	786	-
Investment in subsidiary	-	2,499
	-----	-----
	199,361	437,139
	-----	-----
NET (APPLICATION)/SOURCE OF FUNDS	(125,792)	222,614
	-----	-----
(DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks	101,190	(2,334)
Debtors	298,555	93,020
Investments	(295)	6
Creditors	(562,095)	163,924
Net liquid funds	36,853	(32,002)
	-----	-----
	(125,792)	222,614
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 23 APRIL 1990

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) Tangible Fixed Assets

During the year, the Company reviewed the economic useful lives of its tangible fixed assets and introduced two major revisions:

- (a) Depreciation is no longer provided on freehold and leasehold buildings with more than 50 years unexpired.
- (b) The rates applied to plant and equipment have been revised, with an overall increase, reflecting the Company's experience of economic useful lives.

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

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

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

1. ACCOUNTING POLICIES (continued)

(c) Tangible Fixed Assets (continued)

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 up to the date the property commences to be used for trading.

(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 average 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 - 28 APRIL 1990

(k) Pensions

Pensions costs are charged to the profit and loss account over the expected service lives of employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

2. ANALYSIS OF TURNOVER AND OPERATING PROFITS BY ACTIVITIES

	1990		1989	
	Turnover £'000	Operating Profit £'000	Turnover £'000	Operating Profit £'000
Asda Stores	3,287,299	165,449	2,509,485	150,549
Asda Manufacturing	121,754	1,991	115,502	1,980
less: Intra-company sales	(119,729)	-	(113,964)	-
	-----	-----	-----	-----
	3,289,324	167,440	2,511,023	152,529
	-----	-----	-----	-----

3. OPERATING PROFIT

Arrived at after charging:

	1990 £'000	1989 £'000
Change in stocks	(3,225)	3,549
Other operating income	(14,895)	(26,112)
Raw materials and consumables	2,527,404	1,950,672
Staff costs	325,665	231,414
Depreciation of tangible fixed assets	44,260	33,048
Other operating charges	242,675	165,923
	-----	-----
	3,121,884	2,358,494
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

3. OPERATING PROFIT (continued)

Within other operating charges:

	1990 £'000	1989 £'000
Operating lease charges		
Land and buildings	71,075	33,303
Plant and machinery	6,204	2,409
Auditors' remuneration	103	77
	-----	-----

Within staff costs:

	1990 £'000	1989 £'000
Wages and salaries	299,146	211,052
Social security costs	20,660	15,255
Other pension costs	5,859	5,107
	-----	-----
	325,665	231,414
	-----	-----

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

	Number of employees	
	1990	1989
£30,001 - £35,000	86	42
£35,001 - £40,000	33	28
£40,001 - £45,000	26	12
£45,001 - £50,000	4	5
£50,001 - £55,000	1	5
£55,001 - £60,000	7	9
£60,001 - £65,000	8	8
£65,001 - £70,000	3	1
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,000	1	-

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

3. OPERATING PROFIT (continued)

The average number of employees is analysed as follows:

	Employees	
	1990	1989
Asda Stores	58,346	46,565
Asda Manufacturing	1,389	1,300
	-----	-----
	59,735	47,865
	-----	-----

4. EMOLUMENTS OF DIRECTORS

	1990	1989
	£'000	£'000
Fees	-	-
Other emoluments	1,247	800
Compensation for loss of office	444	-
	-----	-----
	1,691	800
	-----	-----

Excluding pension contributions, the emoluments of the highest paid director were £101,129 (1989:£110,787). The Chairman received no emoluments from the company. The number of directors, excluding the highest paid director, whose remuneration (excluding pension contributions) fell in the following categories, were:

	1990	1989
£ 0 - £5,000	6	6
£25,001 - £30,000	4	1
£30,001 - £35,000	1	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-
£50,001 - £55,000	1	-
£60,001 - £65,000	1	-
£75,001 - £80,000	1	-
£80,001 - £85,000	-	2
£85,001 - £90,000	1	2
£95,001 - £100,000	1	-
£100,001 - £105,000	-	2
£110,001 - £115,000	-	1

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

4. EMOLUMENTS OF DIRECTORS (Continued)

On 12 January 1990 the Company procured that a bridging loan facility of £242,500 be made available to Mr J Galloway, a Director, on the occasion of him taking up employment with the Company; the Company agreed to indemnify the finance provider in the event that Mr Galloway did not fully discharge his liabilities. The indemnity remained in place at the year end but has subsequently been discharged without the Company having made any payment thereunder.

5. EXCEPTIONAL CHARGES

	1990 £'000	1989 £'000
Write down of stores acquired to fair value	39,030	-
Provisions for costs of integration and reorganisation of stores acquired	66,020	-
Stamp duty payable on acquired stores	6,770	-
Operating inefficiencies incurred by the new central distribution system during its build to optimal capacity	8,055	-
Cost associated with the introduction of the clothing and footwear ranges from The George Davis Partnership plc	4,450	-
	----- 124,325 -----	----- - -----

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1990 £'000	1989 £'000
Interest receivable from group companies	62,653	23,002
Other	265	-
	----- 62,918 -----	----- 23,002 -----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1990 £'000	1989 £'000
Repayable within five years		
Interest payable to group companies	119,166	50,686
Bank overdraft interest	163	49
Sundry interest	7	28
Finance lease charges	2,661	921
Repayable after five years		
Debenture and mortgage interest	35	34
	-----	-----
	122,032	51,718
Interest capitalised before tax relief of £9,113,000 (1989 - £8,616,000)	(26,034)	(24,618)
	-----	-----
	95,998	27,100
	-----	-----

8. TAXATION

The charge based on the profit for the year comprises:

	1990 £'000	1989 £'000
UK Corporation tax at 35% (1989: 35%)	19,841	47,530
Deferred taxation	2,086	(1,307)
	-----	-----
	21,927	46,223
Prior period adjustments	(894)	373
	-----	-----
	21,033	46,596
	-----	-----

AGDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

9. EXTRAORDINARY PROFITS AFTER TAXATION

	1990 £'000	1989 £'000
Profit on disposal of tangible fixed assets to refinance the acquisition of stores from The Gateway Corporation PLC.	19,274	-
less: tax thereon	-	-
	----- 19,274 -----	----- - -----

No taxation charge has arisen on the extraordinary item due principally to the utilisation of rollover relief on capital gains.

10. DIVIDENDS

	1990 £'000	1989 £'000
Ordinary - interim	10,872	13,300
- proposed final	18,583	22,000
	----- 29,455 -----	----- 35,300 -----

The preference share dividends have been waived.

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

11. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Leasehold properties £'000	Plant machinery, equipment & vehicles £'000	Total £'000
Cost				
At beginning year	178,513	228,270	253,423	660,206
Reclassifications	196	1,200	(1,396)	-
Additions during year	582,771	385,549	175,363	1,143,683
Transfers from other group companies	23,644	11,278	735	35,657
Transfers to other group companies	(623,246)	(290,271)	(33,722)	(947,239)
Disposals during year	(35,207)	(24,789)	(28,685)	(88,681)
	-----	-----	-----	-----
At end of year	126,671	311,237	365,718	803,626
	-----	-----	-----	-----
Depreciation				
At beginning of year	2,864	19,295	109,097	131,256
Reclassifications	(1,711)	20	1,691	-
Charge for year	825	1,461	41,974	44,260
Transfers from other group companies	2,333	79	2,405	4,817
Transfers to other group companies	(1,284)	(427)	(2,403)	(4,114)
Disposals during year	(750)	(593)	(11,460)	(12,803)
	-----	-----	-----	-----
At end of year	2,277	19,835	141,304	163,416
	-----	-----	-----	-----
Net book amounts at 28 April 1990	124,394	291,402	224,414	640,210
	-----	-----	-----	-----
Assets under construction (1989: £184,162,000)				92,690

Net book amounts at 28 April 1990				732,900
				=====
Net book amounts at 29 April 1989				713,112
				=====

An amount of £16,921,000 (1989 - £16,002,000) has been included in additions in respect of interest capitalised during the year ended 28 April 1990 after deducting tax relief of £9,113,000 (1989 - £8,616,000).

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

11. TANGIBLE FIXED ASSETS (continued)

The net book amount of plant, machinery, equipment and vehicles includes £39,300,000 (1989 - £17,577,000) in respect of leased assets after charging depreciation of £4,899,655 (1989 - £2,340,208).

As explained on page 10 the Company has revised its depreciation policies. The effect of these revisions is to reduce the depreciation charge for the year by £3 million.

The net book value of leasehold property comprises:

	1990 £'000	1989 £'000
Leases with fifty years or more unexpired	250,119	195,375
Lease with less than fifty years unexpired	41,283	13,600
	-----	-----
	291,402	208,975
	-----	-----

12. INVESTMENTS - UNLISTED

	1990 £'000	1989 £'000
Cost		
At beginning of year	2,599	100
Additions	786	2,499
	-----	-----
At end of year	3,385	2,599
	-----	-----

The principal subsidiary companies which are wholly owned are McLagan Investments Limited, and Property Sellers Limited both of which are registered in England.

McLagan Investments Limited is a property holding company. Property Sellers Limited provides estate agency and mortgage broking services.

13. STOCKS

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

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

14. DEBTORS

	1990 £'000	1989 £'000
Amounts falling due within one year		
Trade debtors	1,311	4,091
Amounts owed by fellow subsidiary companies	347,018	82,537
Other debtors	36,588	25,750
Prepayments and accrued income	12,281	8,639
	-----	-----
	397,198	121,017
Amounts falling due after one year		
Other debtors	22,374	-
	-----	-----
	419,572	121,017
	-----	-----

15. CREDITORS - amounts falling due within one year

	1990 £'000	1989 £'000
Trade creditors	325,647	188,872
Amounts owed to holding company	494,981	198,912
Amounts owed to fellow subsidiary companies	5,784	7,035
Taxation	52,977	95,711
Social security	7,378	4,845
Other creditors	59,628	39,568
Accruals	95,912	16,332
Obligations under finance leases	5,086	5,310
Proposed dividend	18,583	22,000
Overdraft	2,942	5,284
	-----	-----
	1,068,918	583,869
	-----	-----

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

	1990 £'000	1989 £'000
Taxation	-	38,574
Loans repayable 1995 to 2022 (interest rates 9 1/4% to 10 3/4%)	342	346
Obligations under finance leases within two to five years	5,300	10,427
Government grants	588	684
	-----	-----
	6,230	51,031
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1990 £'000	1989 £'000
Deferred taxation (note 18)	17,686	16,000
Integration provision (note 19)	33,780	-
	-----	-----
	51,466	16,000
	=====	=====

18. DEFERRED TAXATION

Potential liability

Capital allowances	52,472	37,582
Capital gains	41,184	30,351
Short term timing differences	2,506	5,820
	-----	-----
	96,162	73,753
	-----	-----

Provision retained

UK capital allowances claimed in excess of depreciation charged	15,180	10,180
Short-term timing differences	2,506	5,820
	-----	-----
	17,686	16,000
	-----	-----

19. INTEGRATION PROVISION

During the year the Company's Ultimate Holding Company, Asda Group PLC, agreed with Isosceles PLC to purchase the business of 61 (later reduced to 50) superstores from its subsidiary, The Gateway Corporation PLC.

Provision has been made for the costs of integration and reorganisation of the stores acquired into the chain as follows:

	1990 £'000	1989 £'000
At beginning of year	-	-
Arising during the year	66,020	-
Utilised during the year	(32,240)	-
	-----	-----
At end of year	33,780	-
	-----	-----

ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

20. CALLED-UP SHARE CAPITAL

	Authorised 1990 & 1989	Allotted, issued and fully paid 1990 & 1989
	£'000	£'000
3.85% cumulative preference shares of £1 each	500	500
Ordinary shares of 25p each	28,500	27,509
	-----	-----
	29,000	28,009
	-----	-----

21. PROFIT AND LOSS ACCOUNT

	£'000
At 30 April 1989	310,473
Deficit for the year	(21,179)

At 28 April 1990	289,294

22. FINANCIAL COMMITMENTS

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

	1990 £'000	1989 £'000
Contracted	96,675	122,523
Not contracted	201,428	302,251

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

	1990 £'000	1989 £'000
Leases expiring:		
Within one year	-	-
Within two to five years	219	140
Thereafter	56,658	8,731
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	56,877	8,871
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ASDA STORES LIMITED

NOTES ON THE ACCOUNTS - 28 APRIL 1990

23. PENSIONS

The Company operates defined benefit schemes for full time employees, the assets of which are held in a separate trustee administered common investment fund.

The pension cost relating to the schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial assessment of the schemes was at 6 April 1989. The assumptions which have the most significant effects on the results of the valuation are those relating to the long term rate of return on investments and the rates of increase in salaries and pensions.

At the date of the latest actuarial valuation, the market value of the schemes' assets was £78.8 million and the actuarial value of these assets represented 156% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The total pension cost to the Company was £5,859,000 (1989 £5,108,000).

The cost has been reduced by £3 million reflecting a reduced employer contribution rate designed to recognise the schemes' surpluses over the average remaining service lives of employees.

With effect from 1 May 1990, the benefits payable by the schemes have been increased. These will be financed in part by utilisation of the schemes' surpluses and in part by increased employer contributions, which will result in an increase in the future pension costs to the Company.

24. ULTIMATE HOLDING COMPANY

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