

4144792

ASDA CS LIMITED

Report and Accounts

31 December 2002

 ERNST & YOUNG



Asda CS Limited

Registered No. 4144792

DIRECTORS

R J Phillips
A De Nunzio
D N Jagger

SECRETARY

D N Jagger

AUDITORS

Ernst & Young LLP
PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

BANKERS

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

REGISTERED OFFICE

ASDA House
Southbank
Great Wilson Street
Leeds
LS11 5AD

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended to 31 December 2002.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the provision of card handling services to customers of Asda Stores Limited. The directors are optimistic that the company will continue to grow in the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £89,078,000 (period ended 31 December 2001 £10,791,000). The directors recommend that no dividend be paid (period ended 31 December 2001: nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company, during the year, at the year-end and at the date of this report are those listed on page 1. None of the directors have any interest in the share capital of the company.

The directors' shareholdings and share options are holdings and options in Wal-Mart Stores, Inc. As Wal-Mart Stores, Inc. is incorporated in the USA, disclosure of these interests is not required.

AUDITORS

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

On behalf of the board



A De Nunzio
Director

27 June 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASDA CS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise of the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds
27 June 2003

Asda CS Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

		<i>Year Ended 31 December 2002 £000</i>	<i>Period Ended 31 December 2001 £000</i>
	<i>Notes</i>		
Turnover	2	147,566	18,742
Operating costs	3	(25,976)	(3,414)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	4	<u>121,590</u>	<u>15,328</u>
Interest receivable and similar income	5	5,664	88
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>127,254</u>	<u>15,416</u>
Taxation	6	(38,176)	(4,625)
RETAINED PROFIT FOR THE FINANCIAL YEAR/PERIOD		<u>89,078</u>	<u>10,791</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2002

There are no other recognised gains and losses arising in the year other than the profit for the year of £89,078,000 (period ended 31 December 2001 £10,791,000)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2002

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
Opening shareholders' funds	10,791	-
Profit for the year/period	89,078	10,791
Closing shareholders' funds	<u>99,869</u>	<u>10,791</u>

Asda CS Limited

BALANCE SHEET as at 31 December 2002

		31 December 2002 £000	31 December 2001 £000
	Notes		
CURRENT ASSETS			
Debtors	7	138,594	18,155
Cash		85	-
		<u>138,679</u>	<u>18,155</u>
CREDITORS: amounts falling due within one year	8	(38,810)	(7,364)
NET CURRENT ASSETS		<u>99,869</u>	<u>10,791</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	99,869	10,791
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>99,869</u>	<u>10,791</u>

ERNST & YOUNG



A De Nunzio
Director

27 June 2003

Asda CS Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Cashflow statement

In accordance with FRS1, no cash flow statement has been prepared as the company is a wholly owned subsidiary undertaking of Wal-Mart Stores, Inc. which produces a consolidated cashflow statement.

2. TURNOVER

Turnover comprises of the provision of card handling services to customers of Asda Stores Limited. Turnover comprises the value of sales excluding value added tax and intra-group transactions.

3. OPERATING COSTS

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
Other operating charges	25,976	3,414

4. OPERATING PROFIT

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
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Operating profit is stated after charging
Auditors' remuneration – audit fees

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5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
Interest receivable - group undertakings	5,664	88

NOTES TO THE ACCOUNTS

as at 31 December 2002

6. TAXATION

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

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
CURRENT TAX		
UK corporation tax on profits for the year/period	38,176	4,625
TOTAL CURRENT TAX	<u>38,176</u>	<u>4,625</u>

The tax charge reconciliation is as follows:

	<i>Year ended 31 December 2002 £000</i>	<i>Period ended 31 December 2001 £000</i>
The tax assessed for the current period is the standard rate of corporation tax in the UK (30%).		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	<u>127,254</u>	<u>15,416</u>
PROFIT ON ORDINARY ACTIVITIES MULTIPLIED BY THE STANDARD RATE OF UK CORPORATION TAX (30%)	<u>38,176</u>	<u>4,625</u>
CURRENT TAX CHARGE FOR YEAR/PERIOD	<u>38,176</u>	<u>4,625</u>

Asda CS Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

7. DEBTORS

	<i>31 December 2002 £000</i>	<i>31 December 2001 £000</i>
Amounts due from group undertakings	138,594	18,155

8. CREDITORS: amounts falling due within one year

	<i>31 December 2002 £000</i>	<i>31 December 2001 £000</i>
Bank overdraft	-	151
Trade creditors	3,134	2,588
Taxation	35,676	4,625
	<u>38,810</u>	<u>7,364</u>

9. CALLED UP SHARE CAPITAL

Authorised

At 31 December 2001 and 31 December 2002

	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid

At 31 December 2001 and 31 December 2002

	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1	1

Ordinary shares

On incorporation, the authorised share capital was 1,000 £1 ordinary shares. On incorporation, one £1 share was allotted at par for consideration of £1.

NOTES TO THE ACCOUNTS
as at 31 December 2002

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital £000</i>	<i>Profit and loss shareholders' account £000</i>	<i>Total funds £000</i>
At 1 January 2002	-	10,791	10,791
Retained profit for the year	-	89,078	89,078
At 31 December 2002	-	99,869	99,869

11. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of ASDA Stores Limited and is therefore exempt from disclosing transactions with other group companies. There were no other related party transactions during the period which require disclosure.

12. PARENT UNDERTAKING AND CONTROLLING PARTY

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

The smallest group at which consolidated accounts are prepared is Asda Group Limited. Copies of these accounts are available from Companies House; Crown Way; Cardiff, CF4 3UZ.

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