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Associated Dairies Group PLC

Directors

Directors	<i>executive</i>	<p>A N Stockdale DFM <i>chairman</i> E G Bousfield MA (Cantab) <i>vice chairman and managing director</i> P R Baines MA (Cantab) FCIS D Drew FCA J D Fletcher MBA (Harvard) BA (Oxon) A E Gardiner D M Gransby BA (Hons) MPhil</p>
	<i>non-executive</i>	<p>E E Binns FCA H Plotnek J D Ridgway NDD MIBiol</p>
Secretary and registered office		<p>P R Baines Craven House, Kirkstall Road, Leeds LS3 1JL</p>

Auditors	<p>Ernst & Whinney Chartered Accountants Cloth Hall Court, 14 King Street Leeds LS1 2HL</p>
Registrars and transfer office	<p>National Westminster Bank PLC Registrar's Department—Bristol National Westminster Court 37 Broad Street, Bristol BS99 7NH</p>
Bankers	<p>National Westminster Bank PLC Leeds City Office 8 Park Row, Leeds LS1 1QS</p>
Stockbrokers	<p>Scrimgeour Kemp-Gee & Co 20 Copthall Avenue London EC2R 7JS</p>

Associated Dairies Group PLC

Principal Officers

Main Trading Activities

Asda Stores

J D Fletcher (*Group Board*)
M Allison (*Produce*)
P E Dowling (*Corporate Planning*)
J N Hardman (*Finance*)
G F Killarney (*Marketing—Food*)
B C Moxley (*Stores Operations*)
A Plastow (*Personnel*)
K Shingler (*Operations Services*)
G G Street (*Marketing—Non-Food*)

Associated Fresh Foods

A E Gardiner (*Group Board*)
F G Blake (*Liquid Milk*)
D A Firth (*Accountant*)
C F Hall (*Personnel*)
J R Hutton (*Milk Products*)
J Millar (*Meat Products*)
A Rankin (*Non Executive*)
G O W Williams (*Sales & Distribution*)

Allied Carpets

J L G Saracine (*Managing*)
L P Fisher (*Development*)
D N Griffiths (*Finance*)
A L Innes (*Administration*)
J D W Lambert (*Merchandising*)
J H Massey (*Accounts*)
M R Myers (*Sales*)
K I Smith (*Distribution*)
G F Tennant (*Secretary*)

Wades Departmental Stores

P H Kelsey (*Managing*)
J W Illingworth (*Finance/Administration*)
P A Kelsey (*Sales/Carpet Operation*)
R F Lonergan (*Store Planning*)
S Martin (*Merchandising/Advertising*)
D Noble (*Sales/Upholstery Buying*)
B D Williams (*Sales/Personnel*)

Rosenda (Blackburn)

D F Steele (*Managing*)
H T Helfet (*Production*)
G G L Ruffin (*Sales*)
N P Smith (*Design Marketing*)

Main Group Services

Secretarial/Legal

P R Baines, *Company Secretary*
I G C Stratton, *Company Solicitor*

Finance

D Drew, *Group Finance*
J E Cope, *Group Business Planning*
T I Greenwood, *Group Data Processing*

Property/Development

D M Gransby, *Property & Development*
J G Gallagher, *Building Services*
T Garry, *Engineering Services*

Notice of meeting

NOTICE IS HEREBY GIVEN to the ordinary shareholders of the company that the FIFTH ANNUAL GENERAL MEETING of the company will be held at the Headingley Pavilion, St. Michael's Lane, Leeds 6, on Wednesday 26 October 1983 at 2.30 in the afternoon for the following purposes:

- 1 To receive the report of the directors and the accounts for the fifty-two weeks to 30 April 1983 with the report of the auditors thereon and declare a dividend. (Resolution 1)
- 2 To re-elect the following directors:
Mr D M Gransby (Resolution 2)
Mr P R Baines (Resolution 3)
Mr E E Binns (Resolution 4)
- 3 To re-appoint Messrs Ernst & Whinney auditors of the company and to authorise the directors to fix their remuneration. (Resolution 5)
- 4 To transact any other business of an annual general meeting.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and on a poll vote on his behalf; a proxy need not be a member. A proxy form is enclosed.

By order of the board
P R BAINES *secretary*

Craven House
Kirkstall Road, Leeds LS3 1JE
26 September 1983

The register of directors' interests in shares will together with directors' service agreements be available for inspection during usual business hours on any weekday (Saturdays and Public holidays excluded) at the registered office from this date until the date of the annual general meeting and at the place of the meeting for fifteen minutes prior to and until the termination of the meeting.

Directors' report

The directors submit their report and the company's balance sheet at 30 April 1983 together with the group accounts for the fifty-two week period ended on that date.

Group profit and loss account and dividends

The group profit and loss account appears on page 9. Profit for the period after taxation and minority interests (and extraordinary items) amounted to £42,172,000 (£33,933,000) and there remains a net profit attributable to the company of £41,986,000 (£33,797,000) after payment of preference dividend of £186,000 (£186,000).

The directors recommend that this amount be dealt with as follows:

	1983	1982
Ordinary dividends		
Prior year adjustment	£10,000	£8,000
Interim paid	£6,119,000	£4,933,000
Proposed final	£8,577,000	£6,402,000
Transfer to reserves	£27,280,000	£22,454,000

On 31 August 1983 the directors recommended a payment of a final dividend on the ordinary shares of 1.75p per share for the period. If approved this dividend will be posted on 27 October 1983 to members appearing on the register on 23 September 1983.

Principal activities and review of business developments

The principal activities of the group during the financial period have been to carry on the business as dairymen and retailers of goods to the general public through the medium of supermarkets and superstores and carpet and furniture retailing through the operation of specialised stores.

A review of the development of the business of the company and its subsidiaries during the financial period is contained in the chairman's statement and in the trading review attached to these accounts which statement and document are adopted as part of this report.

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. Reference is made to these matters in the chairman's statement and the trading review.

Research and development

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

Fixed assets

The following net additions have been made during the period to the fixed assets of the group:

Freehold land and buildings:	£24,286,000
Leasehold property:	£21,438,000
Plant, equipment, machinery and vehicles:	£17,506,000

The movements of fixed assets are set out in note 13 in the notes to the accounts on page 16.

Directors' report

Directors and their interests

The following is a list of present directors of the company who were directors during the period, together with their beneficial interests, including family interests in the shares of the company:

	August 1983	April 1983	May 1982 or date of appointment if later	
A N Stockdale	1,640,426	1,640,426	1,233,020	a
E G Bousfield	220	220	220	b
P R Baines	488,374	488,374	465,677	a
E E Binns	117,000	117,000	100,000	a
D Drew	95,605	95,605	71,704	a
J D Fletcher	36,890	36,890	29,918	a
A E Gardiner	nil	nil	nil	
D M Gransby	59,576	59,576	13,834	a
H Plotnek	nil	nil	nil	
J D Ridgway	952,396	952,396	716,764	a
	12,704	12,704	9,528	a

a Ordinary shares of 25p each fully paid

b 9.75% cumulative preference shares of £1 each fully paid

In addition to the above, non beneficial interests are held by Mr E G Bousfield and Mr H Plotnek in 112,528 and 21,030 ordinary shares of 25p each respectively.

Options held by directors not exercised at 30 April 1983 were as follows:

	Senior Executive Share Option Scheme	Senior Executive Share Option Scheme—1981	Savings Related Share Option Scheme
E G Bousfield	—	33,333	4,521
P R Baines	—	33,333	904
D Drew	—	33,333	—
J D Fletcher	177,777	25,000	—
A E Gardiner	—	33,333	5,564
H Plotnek	118,514	—	—
D M Gransby	59,258	30,074	—

Mr D M Gransby was appointed a director on 1 November 1982. In accordance with Article 92 of the company's articles of association he will retire at the forthcoming annual general meeting and being eligible offers himself for re-appointment.

Pursuant to Article 94 of the company's articles of association Messrs P R Baines and E E Binns retire by rotation at the forthcoming annual general meeting and being eligible offer themselves for re-election.

Mr Baines and Mr Gransby have rolling service contracts the fixed terms of which expire on 31 August 1984 and 1985 respectively. Mr Binns has a consultancy agreement with the company which expires on 28 February 1984.

No director had any interest during the period in any significant contract with the company or any subsidiary.

Employees

The average number of persons employed by the group during the period including part time employees was 29,977 (26,952).

Employment policies

It is the group's policy that employees should be kept as fully informed as is feasible and practicable about what and how the group is doing through the media of its management associations, works committees, company newspapers and the annual employee financial report.

The group encourages its employees to be involved in the company's performance through the Executive Share Option Schemes and a Savings Related Share Option Scheme.

The Savings Related Share Option Scheme introduced in 1981 continues to be well received. Of the 11,600 eligible employees 2,500 are members.

Details of shares issued and options to subscribe for shares outstanding under the Senior Executive Share Option Scheme, the Senior Executive Share Option Scheme 1981 and the Savings Related Share Option Scheme are shown in note 22 to the accounts on page 18.

Disabled persons policy

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

Charitable and political contributions

The group made the following contributions during the period:

For charitable purposes £21,536

For political purposes £2,040

Political contributions exceeding £200 were:

West Yorkshire Industrialists' Council £2,000

Substantial holdings

So far as the directors are aware, no person, company or group of companies holds or is beneficially interested in 5% or more of the issued capital of the company.

Income and Corporation Taxes Act 1970

The 'Close Company' provisions of the Income and Corporation Taxes Act 1970 do not apply to this company.

Auditors

The company's auditors Ernst & Whinney have expressed their willingness to continue in office. In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Ernst & Whinney as Auditors of the company will be put to the members at the annual general meeting.

31 August 1983

By order of the board
P R BAINES *secretary*

Statement by the Group Chairman



Financial

I am pleased to report that in the 52 weeks to 30 April 1983 group profits before taxation and extraordinary items increased to £77,386,000 (£60,777,000). Of this, the profits available for appropriation in the group total £42,172,000 (£33,983,000). We propose to recommend a final dividend of 1.75p per share which together with the interim dividend of 1.25p per share, makes a total of 3.00p per share for the year. This compares with 2.32p per share (after adjustment taking into account increased capital) for the 1981/82 financial year and leaves £27,280,000 (£22,454,000) to be added to retained profits.

Your directors have decided in order to bring the share capital more closely into line with the current value of the assets employed in the business, to recommend a capitalisation of part of the reserves by the issue of one ordinary share for every three ordinary shares held at the close of business on 23 September 1983. The amount of reserves to be capitalised will be £40,889,608.50. In order to allow this issue to be made and to maintain the existing amount of unissued to issued share capital an ordinary resolution will be proposed at the extraordinary general meeting notice of which accompanies these accounts, to be held following the annual general meeting.

Subject to the resolution being passed, it is proposed to post renounceable certificates for the new ordinary shares on 28 October 1983. Application will be made to the Council of The Stock Exchange for the shares to be admitted to the Official List and dealings are expected to commence on 31 October 1983. The new shares will be *pari passu* with existing ordinary shares except that they will not rank for any dividends declared in respect of the period ended 30 April 1983.

I have again asked those of my colleagues who head up the trading divisions within the group to present to you a comprehensive survey of their respective activities during the financial year and this is incorporated in the trading review enclosed.

David Gransby, who succeeded J D Ridgway as development director and was appointed to the board on 1 November 1982, has outlined the size of the task in providing the maintenance and services required for existing properties, and in addition there is the on-going planning, and building of an average of six new superstores each year.

From these reports I am sure you will detect the confidence with which my colleagues view the future.

For the first time we have presented the names of the principal officers of each division. It will be of interest to shareholders that during the last two years a number of new executive appointments have been made in each division and we have now highly professional teams with the ability to drive the group forward to greater success.

Team spirit has never been stronger; on my recent visits to our stores and production centres I found that the enthusiasm of all our staff is greater now than at any time during my long association with the group. On behalf of shareholders, I convey our gratitude to all for the contribution they make.

Trading prospects in all divisions for the financial year 83/84, at the moment, are most encouraging and it is my intention to bring shareholders up-to-date with the position, at the annual general meeting at the end of October.

In December of this year I reach retirement age. My colleagues have, however, invited me to remain as their chairman after that date, an honour which I am delighted to accept.

A N STOCKDALE

Consolidated profit and loss account for the fifty-two weeks ended 30 April 1983

			1983	1982
	Note	£000s	£000s	£000s
Turnover	2		1,519,144	1,200,113
Change in stocks			9,088	6,556
Other operating income			9,154	8,912
			1,537,386	1,215,581
Raw materials and consumables		1,242,276		1,060,815
Staff costs	4	121,404		109,420
Depreciation of tangible fixed assets		16,635		14,771
Other operating charges		88,964		82,099
			1,469,279	1,269,105
Operating profit	4		68,107	52,476
Share of profits in associated company			98	25
Other income	6		9,367	8,511
Interest payable and similar charges	7		(186)	(235)
Profit before taxation			77,386	69,777
Taxation on profit on ordinary activities	8		32,219	26,798
Profit on ordinary activities after taxation			45,167	33,979
Minority interests			(27)	4
Profit after taxation and minorities			45,140	33,983
Extraordinary items	9		2,968	
Profit available for appropriation			42,172	33,983
Dividends	10		14,892	11,529
Retained profit for the period	24		27,280	22,454
Earnings per ordinary share	11		9.17p	6.93p

Consolidated balance sheet at 30 April 1983

	Note	1983 £000s	
Fixed assets			
Intangible assets	12	1,120	
Tangible assets	13	252,498	
Investments	14	400	
		254,018	
Current assets			
Stocks	15	94,191	85,103
Debtors	16	25,810	22,396
Debtors on deferred terms		9,607	7,856
Investments	17	72,415	50,834
Cash at bank and in hand		16,644	2,897
		218,667	169,036
Creditors amounts falling due within one year	18	(207,759)	(162,832)
Net current assets		10,908	16,254
Total assets less current liabilities		264,926	234,154
Creditors -- amounts falling due after more than one year	19	(31,719)	(27,124)
Provisions for liabilities and charges	20	(1,629)	(3,670)
Accruals and deferred income	21	(2,091)	(2,307)
		229,487	201,053
Capital and reserves			
Called up share capital	22	124,439	93,357
Share premium account	23	835	15,739
Profit and loss account	24	104,121	91,892
		229,395	200,988
Minority interests		92	65
		229,487	201,053

A N STOCKDALE
E G BOUSFIELD

Directors

31 August 1983

Balance sheet at 30 April 1983

	Note	1983 £000	1982 £000
Fixed assets			
Tangible assets	13	165	
Investments	14	76,523	76,674
		76,688	76,674
Current assets			
Debtors	16	20,724	22,789
Investments	17	54,235	49,009
Cash at bank and in hand		1	13,642
		84,960	85,420
Creditors—amounts falling due within one year	18	(25,925)	(51,079)
Net current assets		59,035	34,341
Total assets less current liabilities		135,723	111,015
Provisions for liabilities and charges	20	(743)	(354)
		134,980	110,661
Capital and reserves			
Called up share capital	22	124,439	93,367
Share premium account	23	575	15,479
Profit and loss account	24	9,966	1,825
A N STOCKDALE } E G ROUSFIELD }	Directors		
31 August 1983			
		134,980	110,661

Statement of source and application of funds for the fifty-two weeks ended 30 April 1983

	1983		52 weeks ended 1 May 1982	
	£000s	£000s	£000s	£000s
Source of funds				
From operations				
Profit before taxation		77,386		60,777
Minority interests	(27)		4	
Extraordinary items before taxation	(3,378)			
		(3,405)		
		73,981		60,781
Adjustment for items not involving movement of funds:				
Minority interests retained	27		(4)	
Depreciation	16,635		14,771	
Write down of vacant properties	1,146			
Government grant credit	(225)		(196)	
Profits retained by associated companies	(97)		(25)	
		17,486		14,546
Total generated from operations		91,467		75,327
From other sources				
Shares issued for value		1,125		954
Government grants received		9		
Intangible assets sold				74
		92,601		76,355
Funds applied				
Dividends paid	12,716		10,584	
Taxation paid	19,708		16,063	
Net purchases of fixed assets	55,058		47,901	
Intangible assets	31			
Investments			189	
		87,513		74,737
		5,088		1,618
Increase in working capital				
Increase in stocks	9,088		6,556	
Increase/(decrease) in debtors excluding taxation	2,482		(43)	
Increase in debtors on deferred terms	1,751		212	
Increase in creditors excluding taxation, bank overdrafts and dividends	(37,392)		(19,259)	
Movement in net liquid funds:				
Increase in cash and bank balances	8,845		2,664	
Increase in short term investments	20,314		11,488	
		5,088		1,618

Notes on the accounts

1 Accounting policies

(a) Basis of accounts

The accounts are prepared under the historical cost convention

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiaries for the fifty-two week period ended 30 April 1983 and also include the group's share of post-acquisition profits less losses of the associated company. The associated company is a company in which the group has a long term investment comprising an interest of 50% of voting capital and over which it exerts significant influence. This company is also a related company as defined by the Companies Act 1981: there are no further related companies. In accordance with the exemptions given by Section 149 (5) of the Companies Act 1948, the company has not presented its own profit and loss account.

(c) Depreciation

Depreciation is provided to write off the cost or valuation 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

(d) 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.

(e) Stocks

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

(f) Deferred credit transactions

In respect of hire purchase sales, profit and finance charges are spread over the life of the relevant agreement so that only the proportion received in cash is credited to income.

(g) Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

(h) Research and development

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

(i) Pension benefits

Pension benefits provided to employees are funded over the employee's period of service. The group's contributions are based on the most recent triennial actuarial valuations of the funds.

2 Turnover

Turnover comprises value of sales exclusive of VAT and inter-group transactions

Notes on the accounts

3 Analysis of turnover and profits between activities

	1983		1982	
	Turnover	Operating profit	Turnover	Operating profit
	£000s	£000s	£000s	£000s
Asda Stores	1,318,233	58,440	1,172,616	47,919
Associated Fresh Foods	149,376	11,839	130,871	8,967
Allied Carpet Stores	65,120	1,056	59,729	260
Wades Departmental Stores	47,672	1,666	44,142	22
UKAY Furnishing Centres	2,712	(864)	8,668	(1,753)
Miscellaneous trading	3,132	261	2,129	(135)
	<u>1,586,245</u>	<u>72,598</u>	<u>1,358,155</u>	<u>55,930</u>
Less Inter-company sales	67,101		52,042	
Group overheads		4,491		2,554
	<u>1,519,144</u>	<u>68,107</u>	<u>1,306,113</u>	<u>52,476</u>

4 Operating profit is arrived at after charging:

	1983	1982
	£000s	£000s
(a) Hire charges for plant and machinery	<u>1,833</u>	<u>1,864</u>
(b) Auditors remuneration	<u>137</u>	<u>131</u>
(c) Research and development expenditure	<u>354</u>	<u>303</u>
(d) Staff costs		
Wages and salaries	107,928	92,273
Social security costs	10,836	10,937
Other pension costs	2,640	2,210
	<u>121,404</u>	<u>105,420</u>
(e) Write down of vacant properties awaiting disposal	<u>1,146</u>	<u>—</u>

5 Emoluments of directors of Associated Dairies Group PLC

	1983	1982
	£000s	£000s
Fees	—	—
Management remuneration	489	460
	<u>489</u>	<u>460</u>

Ten (1982: eleven) directors waived fees under article 82 amounting to £4,750 (1982: £5,500).

Additional information in respect of emoluments of directors, excluding pension contributions.

	Number of directors	
	1983	1982
Chairman emoluments £49,421 (1982: £43,613)	1	1
Highest paid director emoluments £55,154 (1982: £43,613)	1	1
Other directors' emoluments in scale:		
Not more than £5,000	1	1
£5,001 to £10,000		1
£15,001 to £20,000		1
£20,001 to £25,000	1	
£30,001 to £35,000	1	
£35,001 to £40,000		1
£40,001 to £45,000	4	1
£45,001 to £50,000	1	

6 Other income

	1983	1982
	£000s	£000s
Income from listed investments	2,185	428
Income from other short-term investments	7,037	1,508
Excess of fire insurance claims over book value of related buildings and plant	95	1,468
Sundry income	50	57
	<u>9,367</u>	<u>3,461</u>

7 Interest payable and similar charges

	1983 £000s	1982 £000s
Repayable within 5 years		
Short term loans and bank overdrafts	131	17
Repayable after 5 years		
Debenture and mortgage interest	55	58
	<u>186</u>	<u>75</u>

8 Taxation on profit on ordinary activities

The charge based on the profit for the period comprises:

	1983 £000s	1982 £000s
UK corporation tax	35,103	26,806
Deferred taxation	(2,041)	542
	<u>33,062</u>	<u>27,348</u>
Adjustments relating to prior periods	(865)	(560)
Relating to associated company	22	10
	<u>32,219</u>	<u>26,798</u>

UK corporation tax has been provided at 52% (1982: 52%)

The charge for taxation for the period has been reduced by approximately £9,204,000 (1982: £5,271,000) consisting of accelerated capital allowances £6,300,000 (1982: £2,041,000), stock appreciation relief £2,739,000 (1982: £2,890,000) and rollover relief £165,000 (1982: £340,000).

9 Extraordinary items

	1983 £000s	1982 £000s
Closure costs of UKAY Furnishing Centres Limited	3,378	---
Taxation attributable	410	---
	<u>2,968</u>	<u>---</u>

10 Dividends

	1983 £000s	1982 £000s
Preference	186	186
Ordinary--interim of 1.25p per share (1982: 1.35p—equivalent to 1.01p)	6,119	4,933
Ordinary--proposed final of 1.75p per share (1982: 1.75p—equivalent to 1.31p)	8,577	6,402
Final dividend for 1982 underprovided in respect of late issue of shares	10	8
	<u>14,892</u>	<u>11,529</u>

11 Earnings per ordinary share

The calculation of earnings per ordinary share is based on earnings of £44,953,734 (1982: £33,796,790) and on the weighted average of 490,110,018 shares in issue and ranking for dividend during the period (1982: 487,704,065 shares).

The earnings per share for 1982 has been adjusted for the bonus issue

12 Intangible fixed assets

	1983 £000s	1982 £000s
Milk rounds	<u>1,120</u>	<u>1,089</u>

The cost of milk rounds is capitalised upon purchase

Notes on the accounts

continued

13 Tangible fixed assets

Group	Freehold properties £000s	Leasehold properties £000s	Plant, machinery, equipment and vehicles £000s	Total £000s
Cost				
At 1 May 1982	62,521	84,702	88,811	236,034
Reclassifications	432	(393)	(39)	—
Additions during period	26,047	25,876	23,103	75,026
Transfers to current assets	(1,856)	(717)	(252)	(2,825)
Cost of disposals	(337)	(3,328)	(5,306)	(8,971)
At 30 April 1983	86,807	106,140	106,317	299,264
Depreciation				
At 1 May 1982	2,898	6,965	39,029	48,892
Reclassifications	65	(54)	(11)	—
Charge for period	910	2,008	13,717	16,635
Transfers to current assets	—	(197)	(217)	(414)
Relating to disposals	(4)	(523)	(3,875)	(4,402)
At 30 April 1983	3,869	8,199	48,643	60,711
Net book amounts 30 April 1983	82,938	97,941	57,674	238,553

Contracts not yet completed
(1982: 29,344)

13,945

252,498

Company

Cost	
At 1 May 1982	236
Additions during period	80
Transfers within the group	31
Cost of disposals	(78)
At 30 April 1983	269
Depreciation	
At 1 May 1982	85
Charge for period	52
On transfers within the group	10
Relating to disposals	(40)
At 30 April 1983	107
Net book amount 30 April 1983	162
Contracts not yet completed (1982: Nil)	3
	165

The cost of freehold land included within freehold properties
is £23,181,800 (1982: £15,433,600).

The net book amount of leasehold property comprises:

	Group 1983 £000s	Group 1982 £000s
Leases with fifty years or more unexpired	88,706	64,146
Leases with less than fifty years unexpired	9,235	13,592
	97,941	77,738

14 Fixed asset investments all unlisted

	1983 £000s	1982 £000s
Group		
Associated company		
shares at cost (unlisted)	37	37
share of undistributed profits less losses since acquisition	317	243
Share of net tangible assets	354	280
Other trade investments	46	51
	<u>400</u>	<u>381</u>
Company		
Subsidiary companies shares at cost	76,441	76,441
Associated company shares at cost	37	37
Other trade investments	45	45
	<u>76,523</u>	<u>76,523</u>

- (a) The subsidiaries of Associated Dairies Group PLC, owned directly and indirectly, incorporated in England, wholly-owned except where otherwise stated, and engaged in the business of retailing except where otherwise stated are:

Associated Dairies Limited
 Wades Departmental Stores Limited
 Alfred Carpet Stores Limited
 Wallbridge Carpet Mills Limited (carpet manufacturers)
 UKAY Furnishing Centres Limited
 Lordwood Finance Co Limited (leasing)
 Clegg & Huntington Limited
 Rosenda (Blackburn) Limited 85% owned (clothing manufacturers)
 Muper Limited 75% owned
 Seventy-four non-trading companies

- (b) The group holds 50% of its associated company, Eden Vale (North) Limited, a company registered in England. Audited accounts together with management accounts, have been used to calculate the basis of the group's share of profits. The company is engaged in the wholesale distribution of dairy products.

- (c) The directors regard the balance sheet amounts for fixed asset investments to fairly represent replacement cost.

15 Stocks	1983 £000s	1982 £000s
The replacement cost of stocks exceeds the balance sheet values by the following amounts:	<u>258</u>	<u>597</u>

16 Debtors	1983		1982	
	Group £000s	Company £000s	Group £000s	Company £000s
Due within one year				
Trade debtors	15,795	8	14,959	12
Taxation recoverable	-	5,683	-	3,118
Amounts owed by subsidiary companies	-	9,954	-	6,139
Other debtors	3,067	9	2,264	-
Prepayments and accrued income	3,271	1,394	2,429	76
	<u>22,133</u>	<u>17,048</u>	<u>19,652</u>	<u>9,035</u>
Due after one year				
Advance corporation tax recoverable in respect of proposed dividend	3,676	3,676	2,744	2,744
	<u>25,810</u>	<u>20,724</u>	<u>22,396</u>	<u>5,779</u>

Notes on the accounts

17 Investments

Investments include listed government securities at a cost of £15,233,814 (1987 £10,000,000) with a market value of £15,695,000 (1982 £10,242,000), and vacant properties awaiting disposal written down to net realisable value of £1,264,258 (1982 £Nil).

18 Creditors - amounts falling due within one year

	1983		1982	
	Group £000s	Company £000s	Group £000	Company £000s
Bank overdrafts	6,431	377	1,528	—
Trade creditors	128,601	—	109,585	—
Amounts owed to subsidiary companies	—	16,750	—	44,550
Taxation	25,964	—	15,561	—
Social security	3,539	—	3,123	—
Other creditors	21,855	77	4,699	—
Accruals	12,792	144	11,934	127
Proposed dividend	8,577	8,577	6,402	6,402
	<u>207,759</u>	<u>25,925</u>	<u>152,832</u>	<u>51,079</u>

19 Creditors - amounts falling due after more than one year

	Group 1983 £000s	Group 1982 £000s
Taxation, payable 1 January 1985	31,124	26,475
Loans repayable within five years (interest rates Nil to 14%)	38	64
Loans repayable 1995 to 2022 (interest rates 9½% to 10½%)	373	378
7½% Debenture Stock 1988/93	184	207
	<u>31,719</u>	<u>27,124</u>

20 Provisions for liabilities and charges

	1983 £000s	1982 £000s
Deferred taxation		
(a) Group		
Potential liability for deferred taxation		
Capital allowances	39,237	53,695
Stock appreciation relief	—	1,778
Capital gains	1,617	1,452
Short-term timing differences	1,401	919
	<u>42,255</u>	<u>37,844</u>
Provision retained:		
Capital allowances	228	985
Stock appreciation relief	—	1,778
Short-term timing differences	1,401	907
	<u>1,629</u>	<u>3,670</u>
(b) Company - full provision		
Short-term timing differences	743	354
(c) The amount recoverable in respect of advance corporation tax on proposed dividend is included in debtors (note 16).		

21 Accruals and deferred income

	1983 £000s	1982 £000s
Government grants	2,091	2,307

22 Called up share capital

	Authorised		Issued and fully paid	
	1983 £000s	1982 £000s	1983 £000s	1982 £000s
0½% cumulative preference shares of £1 each	1,912	1,912	1,912	1,912
Ordinary shares of 25p each	134,000	103,000	122,527	91,445
	<u>135,912</u>	<u>104,912</u>	<u>124,439</u>	<u>93,357</u>

The increase in Share Capital was the result of the bonus issue on 27 October 1982 of 1,000,000 ordinary shares at 1/4 p each.

The increase in the issued share capital as the result of the bonus issue on 27 October 1982 of one ordinary share for every three held, amounting to £30,531,542 was also used to pay share premiums as to £15,478,925 and cost of reserves as to £15,052,617.

Outstanding calls made on shares under the various Option Schemes 2,191,801 ordinary shares were issued.

Under the terms of the various Option Schemes of Associated Dames Group PLC, more of the following options outstanding at 30 April 1983:

<i>Senior Executive Share Option Scheme (exercisable by September 1988)</i>		<i>Senior Executive Share Option Scheme (1981) (exercisable by December 1989)</i>		<i>Savings Related Option Scheme (exercisable by July 1990)</i>	
Share Options	Price per share p	Share Options	Price per share p	Share Options	Price per share p
268,292	25	6,042,437	94.5	3,866,028	86.25
803,892	49.36	65,500	158	624,399	104.25
2,334,049	52.17				
754,195	63.07	6,107,907		4,490,427	
873,747	109.27				
177,777	105.75				
88,888	91.125				
<u>5,300,839</u>					

23 Share premium account

	<i>Group £000s</i>	<i>Company £000s</i>
At 1 May 1982	15,739	15,479
Arising during the period		
option schemes (less expenses £14,035)	£92 5	602 6
Sale of fractions	16,347	16,087
Capitalised upon bonus issue (including expenses £33,765)	15,512	15,512
At 30 April 1983	<u>835</u>	<u>575</u>

24 Profit and loss account

	<i>Group £000s</i>	<i>Company £000s</i>
At 1 May 1982	91,892	1,825
Retained profit for the period	27,280	23,192
	119,172	25,017
Capitalised upon bonus issue	15,051	15,051
At 30 April 1983	<u>104,121</u>	<u>9,966</u>

25 Capital commitments

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

	<i>1983 £000s</i>	<i>1982 £000s</i>
Contracted	20,524	12,700
Not contracted	<u>47,422</u>	<u>35,000</u>

26 Particulars of transactions involving directors as required by sections 54-58 of the Companies Act 1980

As reported last year, a bridging loan made in 1981 to Mr J D Fletcher, prior to his appointment as a director, was repaid on 24 June 1982.

27 Employees

The average number of employees in each week was 29,977 (1982: 26,952) and is broken down into the following categories:

	<i>1983</i>	<i>1982</i>
Asda Stores	23,807	20,543
Associated Fresh Foods	2,644	2,600
Associated Carpet Stores	1,479	1,570
Wales Departmental Stores	1,494	1,601
Group and miscellaneous	553	638
	<u>29,977</u>	<u>26,952</u>

Current cost profit and loss account for the period ended 30 April 1983

	Note	1983 £ millions	1982 £ millions
Turnover		151.0	141.0
Historical cost operating profit		69.1	61.0
Current cost operating adjustments	2	7.9	6.4
Current cost operating profit		60.2	67.4
Other income less interest payable		9.2	8.1
Gearing adjustment		3	2
Current cost profit before taxation		69.7	54.0
Taxation		32.2	26.8
Current cost profit after taxation		37.5	27.2
Extraordinary items and minority interest		2.9	2.0
Current cost profit attributable to shareholders		34.6	27.2
Dividends		14.9	11.5
Retained current cost profit for the period	5	19.7	15.7
Current cost earnings per ordinary share		7.62p	5.54p

Current cost balance sheet at 30 April 1983

	Note	1983 £ millions	1982 £ millions
Fixed assets			
Intangible assets		1.1	1.1
Tangible assets	3	346.0	310.1
Investments		4	3
Net current assets			
Stocks		94.5	85.7
Monetary working capital (net)		(102.8)	(98.1)
Other current assets (net)		19.3	29.4
		11.0	17.0
Creditors amounts falling due after more than one year		358.5	328.5
Provisions for liabilities and charges		(31.7)	(27.1)
		(1.6)	(3.7)
		325.2	297.7
Financed by			
Shareholders' funds			
Called up share capital		124.4	93.4
Share premium account		8	15.7
Current cost reserve	4	88.1	46.2
Other reserves	5	111.8	47.1
		325.1	202.6
Minority interests		1	1
		325.2	203.7

Notes on the current cost accounts

Current cost accounting policies

- (a) **General**
The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice 16 (SSAP 16) and, except as stated below, follow the accounting policies set out on page 13 of the historical cost accounts.
- (b) **Cost of sales adjustment**
Cost of sales adjustment has been calculated, using the average method, to charge the profit and loss account with the current cost of stocks at the time sales were made.
- (c) **Monetary working capital adjustment**
Monetary working capital adjustment has been calculated using the average method to allow, in the profit and loss account, for the effect of price changes on the monetary working capital of the group, which comprises debtors less creditors falling due within one year (excluding taxation) and such cash and short term investments as are required for normal trading operations.
- (d) **Depreciation adjustment**
Additional depreciation has been calculated by applying the appropriate price indices to the historical cost depreciation in order to charge profit and loss account with depreciation at a rate which reflects current costs.
- (e) **Tangible fixed asset disposals**
This represents the difference between the historical and current cost net book values of assets disposed of at the date of disposal.
- (f) **Gearing adjustment**
Gearing adjustment represents the part of the adjustments made in calculating the current cost operating profit, detailed in notes (b), (c) and (d) above, which is financed by average borrowing as distinct from shareholders' funds. It is calculated by applying to those adjustments the proportion which average net borrowing bear to the total of net borrowings and shareholders' funds.
- (g) **Valuation policies**
Tangible fixed assets are stated at current replacement cost calculated by applying appropriate price indices to the historical cost net book amount. Government grants have been deducted from current replacement cost.
Stocks are stated at the lower of current replacement cost, calculated by applying appropriate price indices, and net realisable value.

2 Current cost operating adjustments

	1983 £ millions	1982 £ millions
Cost of sales adjustment	3.3	5.1
Depreciation adjustment	6.4	6.0
Tangible fixed asset disposals	1.5	0.9
Monetary working capital adjustment	(3.3)	(5.1)
	<u>7.9</u>	<u>6.9</u>

3 Tangible fixed assets

	Gross current cost £ millions	1983 Accumulated depreciation £ millions	Net current cost* £ millions	1982 Net current cost £ millions
Land and buildings	289.4	27.7	261.7	217.0
Plant, equipment and vehicles	156.4	86.1	70.3	63.8
Contracts not yet completed	14.0		14.0	29.3
	<u>459.8</u>	<u>113.8</u>	<u>346.0</u>	<u>310.1</u>

4 Current cost reserve	£ millions	£ millions
At 1 May 1982		96.4
Revaluation surpluses reflecting price changes	7.4	
Tangible fixed assets	(0.3)	7.1
Stocks	—	(15.1)
Amount capitalised upon bonus issue	3.3	
Cost of sales adjustment	(3.3)	
Monetary working capital adjustment	(0.3)	
Gearing adjustment	—	(0.3)
		<u>88.1</u>
At 30 April 1983		<u>88.1</u>
Of the above £61.2m is unrealised		
5 Other reserves		£ millions
At 1 May 1981		92.1
Current cost profit for the period		19.7
At 30 April 1983		<u>111.8</u>

Report of the auditors to the members

We have examined the accounts of Associated Dairies Group PLC set out on pages 9 to 19. These accounts have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group, so far as concerns members of the company, at 30 April 1983 and of the profit and source and application of funds for the period then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts set out on pages 20 to 22 have been properly prepared, in accordance with the policies and methods described in notes 1 to 5, to give the information required by Statement of Standard Accounting Practice No. 16.

ERNST & WHINNEY

Leeds
31 August 1983

Statement of added value 52 weeks to 30 April 1983

	1983 £'000	1982 £'000
Sales	1,519,144	1,311,852
Bought-in goods and services		
Added value created	207,292	172,067
Added value as % sales	13.6%	13.1%
Added value distributed:		
	% added value	% added value
To employees (Wages, salaries, pensions) (and national insurance)	58.6	61.0
To government (Corporation tax)	15.5	15.5
To providers of capital		
Dividends	11.529	
Interest	(6.751)	
Minority & Associated Companies	(2.9)	2.8
	2.8	
Re-invested by the company from trading:		
Retained profit	22.454	
Depreciation	14.771	
Non-operational (Gains)/Losses	(1.525)	20.7
	23.1	
	47.916	35.700
	207,292	172,067
	100.0	100.0

10 year summary of results

£'000s

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Turnover	158,200	221,300	312,000	429,000	536,000	791,000	999,000	1,198,000	1,308,000	1,519,000
Profit before tax	7,411	9,882	14,770	23,941	26,202	41,008	49,983	51,389	60,777	77,386
Profit % to turnover	4.68	4.46	4.73	5.58	4.89	5.18	5.00	4.32	4.65	5.09
Dividends Preference	19	19	19	19	19	10	186	186	186	186
Ordinary	473	505	553	613	696	5,854	7,637	9,713	11,343	14,706
% Increase to prior year										
Turnover	23.5	39.9	41.0	37.5	24.9	47.6	26.3	18.9	9.9	16.3
Profit before tax	18.3	33.3	49.5	62.1	9.4	56.5	21.9	2.8	18.3	27.3
Ordinary dividend	7.7	6.8	9.5	10.8	13.5	*	30.5	27.2	16.8	29.6

*Note

The exceptional increase in dividends in 1979 followed the removal of dividend restraint

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