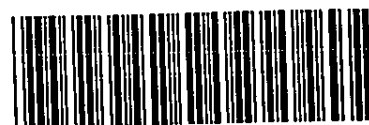


**TESCO HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010**

**Registered Number: 243011**

THURSDAY



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# **TESCO HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **Directors' Report for the 52 weeks ended 27 February 2010**

The directors present their report and the audited financial statements of Tesco Holdings Limited (the "company") for the 52 week period ended 27 February 2010 (Prior year 53 weeks ended 28 February 2009)

### **Business review and principal activities**

The principal activity of the company is to act as a holding company for Tesco PLC group entities. There has been no significant change in the nature or level of this activity during the period and we do not expect this to change significantly throughout the next financial period.

The results for the period show a pre-tax profit of £1,030m (2009 £1,198m). During the year a dividend was paid of £1,000m (2009 £1,500m).

The company has net assets of £1,298m (2009 £1,268m).

### **Principal risks and uncertainties**

The principal activity of the company is to act as a holding company; therefore from the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Tesco PLC and are not managed separately. These risks are discussed on page 41 of the Tesco PLC group annual report for the 52 weeks ending 27 February 2010, which does not form part of this report.

### **Charitable and political donations**

There were no charitable and political donations for the period (2009 none).

### **Future outlook**

The company's performance is expected to continue throughout the next financial period and it is hoped that the current performance levels will be maintained.

### **Key performance indicators**

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **Research and development**

The company does not undertake any research and development activities.

# **TESCO HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **Directors' Report for the 52 weeks ended 27 February 2010 (continued)**

#### **Supplier payment policy**

The company does not have any direct supplier relationships. Any relationships with suppliers are handled through Tesco Stores Limited. The Group policy and practice in relation to its suppliers is disclosed in Tesco Stores Limited's annual report.

#### **Employees**

The company had no employees during the period (2009: none).

#### **Directors and their interests**

The following directors served during the period and up to the date of signing the financial statements:

T Leahy  
A Higginson  
L Neville-Rolfe  
J Lloyd  
N Maurant (resigned 28 September 2009)  
S Rigby (resigned 14 October 2009)  
L McIlwee (appointed 14 October 2009)  
G Fryett

Save as set out below, none of the directors had any disclosable interests in the company during this period.

T Leahy, A Higginson, L McIlwee and L Neville-Rolfe are also directors of Tesco PLC, the company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC directors listed above and the Tesco PLC company secretary (who is also a director of this company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year.

# **TESCO HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **Directors' Report for the 52 weeks ended 27 February 2010 (continued)**

#### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there will be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Statement on disclosure of information to auditors**

Each director who is a director of the company at the date of approval of this Annual Report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

The independent auditors of Tesco Holdings Limited, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board on 22 November 2010

  
J Eloyd  
Director  
Tesco Holdings Limited  
Registered number 243011

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO HOLDINGS LIMITED

PricewaterhouseCoopers LLP  
10 Bricket Road  
St Albans AL1 3JX  
Telephone +44 (0) 1727 844155  
Facsimile +44 (0) 1727 845039

We have audited the financial statements of Tesco Holdings Ltd for the 52 weeks ended 27 February 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 February 2010 and of its profit for the 52 weeks ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Latham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
22 November 2010

# TESCO HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

	Notes	52 weeks ended 27 February 2010 £'m	53 weeks ending 28 February 2009 £'m
Income from shares in group undertakings		1,032	1,225
Net profit / (loss) on disposal of fixed assets		8	(4)
Interest payable and similar charges	3	(10)	(23)
<b>Profit on ordinary activities before taxation</b>		<b>1,030</b>	<b>1,198</b>
Tax on profit on ordinary activities	4	-	-
<b>Profit for the financial period</b>		<b>1,030</b>	<b>1,198</b>
Dividends paid	5	(1,000)	(1,500)
<b>Retained profit / (loss) for the financial period</b>		<b>30</b>	<b>(302)</b>

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents

All operations are continuing for the financial period

# TESCO HOLDINGS LIMITED

## BALANCE SHEET AS AT 27 FEBRUARY 2010

	Notes	27 February 2010 £'m	28 February 2009 £'m
<b>Fixed assets</b>			
Investments	6	2,733	2,713
		2,733	2,713
<b>Current assets</b>			
Debtors - due within one year	7	103	58
Cash at bank and in hand		-	1
		103	59
<b>Creditors – amounts due after more than one year</b>	8	(1,538)	(1,504)
<b>Net assets</b>		<b>1,298</b>	<b>1,268</b>
<b>Capital and reserves</b>			
Called up share capital	9	23	23
Share premium account	10	115	115
Profit and loss reserve	10	1,160	1,130
<b>Total equity shareholder's funds</b>	11	<b>1,298</b>	<b>1,268</b>

The financial statements on pages 6 to 12 were approved by the board of directors on 22 November 2010 and were signed on its behalf by



J. Lloyd  
Director  
Tesco Holdings Limited  
Registered Number 243011

# **TESCO HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 2006. The company's principal accounting policies have been applied consistently during the period and are set out below.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, group financial statements have not been prepared because the company is a wholly owned subsidiary of Tesco PLC, incorporated in England and Wales.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

#### **Fixed asset investments**

Fixed asset investments in subsidiaries and associates are stated at cost plus incidental expenses less, where appropriate, provisions for impairment.

#### **Current taxation**

The amount included in the Profit and Loss Account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

#### **Group relief on taxation**

The company may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

### **2. OPERATING PROFIT**

The directors received no emoluments for their services to the company (2009: £nil).

The company had no employees during the period (2009: none).

The auditors' remuneration for the current and prior period was borne by another group company.

### **3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £'m	2009 £'m
Interest payable on loans from group undertakings	10	23

# TESCO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (continued)

### 4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

#### Factors that have affected the tax charge

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. The overall corporation tax rate for the company for the full year is 28% (2009 blended rate of 28.2%)

	2010 £'m	2009 £'m
<b>Current tax:</b>		
UK corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 blended rate of 28.2%). The differences are explained below

	2010 £'m	2009 £'m
Profit on ordinary activities before tax	1,030	1,198
Profit on ordinary activities multiplied by standard rate in the UK 28% (2009 28.2%)	288	337
Effects of		
Income not Taxable for tax purposes	(289)	(344)
Group relief surrendered without payment	3	7
Profit on property disposals not taxable	(2)	-
Current tax charge for the financial period	-	-

### 5. DIVIDENDS

	2010 £'m	2009 £'m
Equity ordinary dividends paid 9.13p (2009 13.7p) per share	1,000	1,500

During the year, a 6% dividend was accrued on the preference shares totalling £120,000

# TESCO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (continued)

### 6. INVESTMENTS

	£'m
<b>Cost</b>	
At 28 February 2009	3,036
Additions	20
Disposals	-
<b>At 27 February 2010</b>	<b>3,056</b>
<b>Provision for impairment charge</b>	
At 28 February 2009	323
Provision for impairment	-
<b>At 27 February 2010</b>	<b>323</b>
<b>Net book value</b>	
<b>At 27 February 2010</b>	<b>2,733</b>
At 28 February 2009	2,713

The directors believe that the carrying value of the investments is supported by their underlying net assets

Details of the principal subsidiary undertakings at the period end are as follows

Subsidiary undertaking	Nature of business	% shares held	Registered in
Tesco Stores Limited	Retail	100	England and Wales
Dobbies Garden Centre PLC	Retail	100	Scotland
Admunstore Limited	Retail	100	England and Wales
Tesco Tech Support Limited	IT Services	100	England and Wales
Dunnhumby Limited	Marketing	90	England and Wales
Oakwood Distribution Limited	Distribution	100	England and Wales
Tesco Freetime Limited	Service activities	100	England and Wales
Tesco Maintenance Limited	Service company	100	England and Wales
Tesco Global Employment Co Limited	Management company	100	Thailand
Tesco Property Holdings Limited	Holding company	100	England and Wales
Spenhill Regeneration Limited	Property company	100	England and Wales

A full list of the Company's subsidiary undertakings will be annexed to the next annual return filed at Companies House

## TESCO HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (continued)

#### 7. DEBTORS - DUE WITHIN ONE YEAR

	2010 £'m	2009 £'m
Amounts due from group undertakings	103	55
Other debtors	-	3
	103	58

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

#### 8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'m	2009 £'m
Amounts due to group undertakings	1,537	1,501
Other creditors	1	3
	1,538	1,504

Amounts owed to group undertakings include a loan of £51.6m (2009 £51.6m), which is repayable on demand and bears interest at LIBOR plus 1% and a loan of £334m (2009 £334m), which is repayable on demand and bears interest at LIBOR. All other balances are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 9. CALLED UP SHARE CAPITAL

	2010 £'m	2009 £'m
Authorised		
228,640,000 (2009 228,640,000) Ordinary shares of 10p each	23	23
2,000,000 (2009 2,000,000) Preference shares of £1 each	2	2
	25	25
Allotted, called up and fully paid		
205,992,473 (2009 205,992,473) Ordinary shares of 10p each	21	21
2,000,000 (2009 2,000,000) Preference shares of £1 each	2	2
	23	23

Preference and Ordinary shareholders have the right to receive notice of and attend general meetings of the company. Ordinary shares carry the right to vote at any general meeting of the company. Preference shares do not carry the right to vote at general meetings of the company, save where a resolution is to be proposed varying any rights of the Preference shares or the winding up of the company.

Dividends voted by the company are used first to provide a 6% dividend to the Preference shares paid annually. The balance of the profits available for distribution shall be distributed to the Ordinary shareholders pro-rata to the number of such Ordinary shares held by them.

The Preference shares are irredeemable.

If the company is wound up or upon any other return of capital, the called up amount of the Preference shares shall be repaid as well as a sum equal to all unpaid amounts of the Preference shares' dividends calculated up to and including the date of the return of capital. The balance of the assets of the company available for distribution, if any, shall be distributed among the Ordinary shareholders pro-rata to the amount paid up on such shares.

# TESCO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (continued)

### 10. RESERVES

	Share premium £'m	Profit and loss reserve £'m
As at 28 February 2009	115	1,130
Profit for the financial period	-	30
As at 27 February 2010	115	1,160

### 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £'m	2009 £'m
Profit for the financial period	1,030	1,198
Dividends	(1,000)	(1,500)
Retained profit / (loss) for the financial period	30	(302)
Net additions (/ reduction) to shareholders' funds	30	(302)
Opening shareholders' funds	1,268	1,570
Closing shareholders' funds	1,298	1,268

### 12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent company, and controlling party, is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

### 13. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the company is included, are available at the address noted above.

### 14. POST BALANCE SHEET EVENT

On the 17 May 2010 Tesco Holdings Limited purchased 5,000 units in the Tesco Passaic Unit Trust.

On the 21 May 2010 Tesco Holdings Limited purchased the remaining 10% of Dunnhumby Limited.