

334 737

TESCO (LONDON) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 FEBRUARY 2006

MONDAY



A06 11/12/2006 90
COMPANIES HOUSE

TESCO (LONDON) LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 25 February 2006.

Review of business and future developments

The company did not trade in the period. However, funds were received from the debtors of the company.

Results and dividends

The company made a loss of £162,000 for the year (2005 profit of £38,000). During the year a subsidiary company was liquidated which resulted in a loss to the company and changes in the company's investments. The directors do not propose the payment of a dividend for the year (2005: nil).

Directors and their interests

The directors of the company during the period were as follows:

A T Higginson
M J Field (resigned 31 May 2005)
L Neville-Rolfe
J Lloyd (appointed 31 May 2005)

None of the directors had any disclosable beneficial interests in the company.

A T Higginson was also a director of Tesco PLC, the company's ultimate parent company, and as such his disclosable interests in Tesco PLC are all declared in the accounts of that company.

For the directors who were not also directors of the ultimate parent company, their interests in the shares of Tesco PLC at the beginning and end of the period are given below:

	Ordinary shares			Share Options *		
	25 February 2006, or at resignation if earlier	26 February 2005 or on appointment if later	25 February 2006, or at resignation if earlier	Granted	Exercised	26 February 2005 or on appointment if later
M J Field	83,750	95,943	138,223	28,300	(13,846)	123,769
L Neville-Rolfe	297,727	270,740	369,413	109,348	(68,345)	328,410
J Lloyd	175	-	30,000	30,000	-	-

* Executive share option scheme (1984, 1994 and 1996), discretionary share option plan (2004) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and financial statements of Tesco PLC.

TESCO (LONDON) LIMITED

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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

The directors are responsible for keeping proper accounting records that 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 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.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board on *22 November* 2006


J Lloyd
Director

Tesco (London) Limited
Registered Number 00334737

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO (LONDON) 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 (London) Limited for the year ended 25 February 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 25 February 2006; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

24th November

2006

TESCO (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 25 FEBRUARY 2006

	Note	2006 £'000	2005 £'000
Income from subsidiary undertakings		-	38
Write-down of investments		(162)	-
Operating (Loss)/profit	2	(162)	38
(Loss)/profit on ordinary activities before tax		(162)	38
Tax on ordinary activities	3	-	-
(Loss)/profit on ordinary activities after taxation		(162)	38
(Loss)/profit for the financial period	6, 7	(162)	38

The company had no recognised gains or losses other than those reflected in the profit and loss account above.

The notes on pages 6 to 9 form part of these financial statements.

TESCO (LONDON) LIMITED

BALANCE SHEET AS AT 25 FEBRUARY 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Investments	4	-	-
CURRENT ASSETS			
Debtors: Amounts owed by group undertakings		1,885	2,047
CREDITORS: (amounts owed to group undertakings falling due within one year)		-	-
NET CURRENT ASSETS		1,885	2,047
NET ASSETS		1,885	2,047
CAPITAL AND RESERVES			
Called Up Share capital	5	1,681	1,681
Profit and loss account	6	204	366
Equity		1,535	1,697
Non-equity		350	350
TOTAL SHAREHOLDERS' FUNDS	7	1,885	2,047

Approved by the Board on 22 November 2006

J Lloyd
Director

The notes on pages 6 to 9 form part of these financial statements.

TESCO (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 FEBRUARY 2006

1 PRINCIPAL ACCOUNTING POLICIES

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

In accordance with Financial Reporting Standard 2 "Accounting for subsidiary Undertakings", group financial statements have not been prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in Great Britain.

In accordance with FRS1 (revised), the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

Changes in Accounting Policies

During the year, the company adopted the following new Financial Reporting Standards (FRS) in the preparation of the financial statements:

- FRS 17
- FRS 21
- FRS 25
- FRS 28

The adoption of these standards noted above did not have impact on the shareholders' funds of the Company.

2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

The company did not trade in the period. However, a subsidiary company was liquidated in the period which has resulted in a loss by the company, and changes in the company's investments.

The directors received no emoluments for their services to the company (2005: £nil).

The company had no employees during the period (2005: none).

Auditors' remuneration was borne by another group company.

3 TAXATION

a) Analysis of charge in the year

	25 February 2006 £'000	26 February 2005 £'000
Corporation tax at 30% (2005:30%)	-	-
Tax on profit on ordinary activities	-	-

TESCO (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 FEBRUARY 2006 (continued)

3 TAXATION (continued)

b) Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30.0%). The differences are explained below:

	25 February 2006 £'000	26 February 2005 £'000
Profit on ordinary activities before tax	(162)	38
Profit on ordinary activities multiplied by standard rate of corporation tax of 30.0% (2005: 30.0%).	(47)	11
Effects of:		
Income not taxable	-	(11)
Amounts not deductible for tax purposes	47	-
Taxation on profits on ordinary activities	-	-

The company is subject to transfer pricing legislation under which arms length terms are applied with UK connected parties. Any adjustments required under this legislation would not have any impact on the amount of tax payable as compensating payments will be made between the parties affected to restore them to their position before application of this legislation.

4 FIXED ASSET INVESTMENTS – Shares in Group undertakings

	2006 £'000	2005 £'000
At 26 February 2005	-	311
Increase in shareholding in Tesco (Cheshunt) Ltd	162	
Redemption of investments on liquidation	(162)	(311)
	-	-
At 25 February 2006	-	-

The Company owned 100% of the issued ordinary share capital of Tesco (Cheshunt) Limited, registered in England which was liquidated during the year.

TESCO (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 FEBRUARY 2006 (continued)

5 CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised:		
3,500,000 ordinary shares of 5p each	175	175
26,500,000 'A' ordinary shares of 5p each	1,325	1,325
500,000 5% cumulative redeemable preference shares of £1 each	500	500
	2,000	2,000
Called up, allotted and fully paid :		
2,700,000 ordinary shares of 5p each	135	135
23,925,000 'A' ordinary shares of 5p each	1,196	1,196
350,000 5% cumulative redeemable preference shares of £1 each.	350	350
	1,681	1,681

Only the ordinary shares carry a right to vote at any General Meeting. Subject to the aforesaid, the 'A' ordinary shares rank pari passu in all respects with the ordinary shares. The preference shares confer on the holder the right to receive a fixed dividend of 5% on the nominal value of the preference shares. The dividend is payable half yearly on 30 June and 31 December of every year. As regards capital, on a winding-up of the company, the preference shares shall be redeemed in priority to the ordinary shares, together with any arrears of dividend

6 PROFIT AND LOSS ACCOUNT

	£'000
As at 26 February 2005	366
Retained (loss)/profit for the period	(162)
Retained profit at 25 February 2006	204

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Opening shareholders' funds	2,047	2,009
(Loss)/profit for the financial period	(162)	38
Closing shareholders' funds	1,885	2,047

8 ULTIMATE PARENT UNDERTAKING

The 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.

TESCO (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 FEBRUARY 2006 (continued)

9 RELATED PARTY DISCLOSURES

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under 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.