

BUGDEN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008

Registered Number: 978329



BUGDEN LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 23 February 2008

The directors present their report and audited financial statements of Bugden Limited (the "company") for the 52 weeks ended 23 February 2008 (the "period").

Business review and principal activities

The principal activity of the company is to act as an intermediary company which both leases and sub-leases property.

The results for the period show a pre-tax profit of £505,000 (2007: £479,000). The directors do not recommend the payment of a dividend (2007: £nil).

The company has net assets of £1,485,000 (2007: £980,000).

The prior period's lease income and lease costs have been restated to remove the netting effect on costs within income. This had no effect on the profit for either period or the company's net assets.

Principal risks and uncertainties

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 15 of the Tesco PLC group annual report for the 52 weeks ending 23 February 2008 which does not form part of this report.

Future outlook

The company's level of trade is expected to continue throughout the forthcoming financial period and the current performance levels should 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.

Employees

The company had no employees during the period (2007: none).

Directors

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

A Higginson
L Neville-Rolfe
J Lloyd
G Fryett
E Doherty (resigned 30 November 2007)

BUGDEN LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 23 February 2008 (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 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.

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 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
- each director 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

Pursuant to Section 386 of the Companies Act 1985 the company has elected to dispense with the obligations to appoint auditors annually in both the next financial period and all subsequent periods.

By order of the Board 22 December 2008



J Lloyd
Director
Bugden Limited
Registered number 978329

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUGDEN 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 Bugden Limited for the 52 weeks ended 23 February 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 23 February 2008 and of its results for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

 22 December 2008

BUGDEN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008

| | Notes | 2008 £'000 | 2007 £'000 Restated |
|---|-------|---------------|---------------------------|
| Operating lease income from group companies | | 43,751 | 44,799 |
| Other operating income | | - | 24 |
| Leasing costs | | (43,246) | (44,297) |
| Profit on ordinary activities before interest and taxation | | 505 | 526 |
| Interest payable | | - | (47) |
| Profit on ordinary activities before taxation | | 505 | 479 |
| Tax on profit on ordinary activities | 3 | - | - |
| Retained profit for the financial period | 9 | 505 | 479 |

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

There are no 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.

The prior period's lease income and lease costs have been restated to remove the netting effect on costs within income. This had no effect on the profit for either period or the company's net assets.

BUGDEN LIMITED

BALANCE SHEET AS AT 23 FEBRUARY 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|---------------|---------------|
| Current assets | | | |
| Debtors - due within one year | 4 | 7,543 | 7,623 |
| Cash at bank and in hand | | 1,558 | - |
| | | 9,101 | 7,623 |
| Creditors – amounts falling due within one year | 5 | (22,364) | (22,526) |
| Net current liabilities | | (13,263) | (14,903) |
| Debtors - due after more than one year | 4 | 14,748 | 15,883 |
| Net assets | | 1,485 | 980 |
| Capital and reserves | | | |
| Called up share capital | 7 | 1 | 1 |
| Profit and loss reserve | 8 | 1,484 | 979 |
| Total equity shareholder's funds | 9 | 1,485 | 980 |

The financial statements on pages 5 to 9 were approved by the board of directors on 22 December 2008 and were signed on its behalf by:



J Lloyd
Director
Bugden Limited
Registered number 978329

BUGDEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008

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 1985. These have been applied consistently during the period. The principal accounting policies are set out below.

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in the Profit and Loss Account on a straight-line basis over the term of the lease.

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight-line basis over the term of the relevant lease.

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 will receive group relief from group companies without payment and consequently there is no tax charge in the Profit and Loss Account.

2. DIRECTORS, EMPLOYEES AND AUDITORS' REMUNERATION

The directors received no emoluments for their services to the company (2007: £nil).

The company had no employees during the period (2007: none).

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

BUGDEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008 (continued)

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Current tax: | | |
| UK Corporation tax on profit for the financial period | - | - |
| Adjustments in respect of previous financial periods | - | - |
| Tax on profit on ordinary activities | - | - |

The tax assessed for the period is lower (2007: lower) than the standard rate of corporation tax in the United Kingdom (30%). The differences are explained below:

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 505 | 479 |
| Profit on ordinary activities multiplied by standard rate in the UK 30% (2007: 30%) | 152 | 144 |
| Effects of: | | |
| Group relief surrendered without payment | 190 | 169 |
| Tax deductible expenditure on group transactions | (342) | (313) |
| Current tax charge for the financial period | - | - |

Factors that may affect future tax charges:

The standard rate of Corporation Tax in the UK changes to 28% with effect from the 1 April 2008.

4. DEBTORS

| | 2008 £'000 | 2007 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts due from group undertakings | 6,316 | 5,993 |
| Other debtors | 6 | 323 |
| Prepayments less than one year | 1,221 | 1,307 |
| Prepayments after more than one year | 14,748 | 15,883 |
| | 22,291 | 23,506 |

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

5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2008 £'000 | 2007 £'000 |
|-----------------------------------|---------------|---------------|
| Bank loans and overdrafts | - | 162 |
| Amounts due to group undertakings | 22,364 | 22,364 |
| | 22,364 | 22,526 |

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

6. FINANCIAL COMMITMENTS

At 23 February 2008, the company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

| | 2008 £'000 | 2007 £'000 |
|------------------|---------------|---------------|
| After five years | 22,984 | 22,991 |

BUGDEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008 (continued)

7. CALLED UP SHARE CAPITAL

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Authorised: | | |
| 3,800 (2007: 3,800) ordinary shares of £1 each | 4 | 4 |
| 96,200 (2007: 96,200) deferred shares of £1 each | 96 | 96 |
| | 100 | 100 |
| Allotted, called up and fully paid: | | |
| 1,000 (2007: 1,000) ordinary shares of £1 each | 1 | 1 |
| | 1 | 1 |

8. RESERVES

| | Profit and loss reserve £'000 |
|---------------------------------|----------------------------------|
| As at 24 February 2007 | 979 |
| Profit for the financial period | 505 |
| As at 23 February 2008 | 1,484 |

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Retained profit for the financial period | 505 | 479 |
| Net additions to shareholders' funds | 505 | 479 |
| Opening shareholders' funds | 980 | 501 |
| Closing shareholders' funds | 1,485 | 980 |

10. 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.

11. 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.

12. POST BALANCE SHEET EVENT

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the next financial year.