

BUGDEN LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered Number: 978329

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## **BUGDEN LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011**

The Directors present their report and the audited financial statements of Bugden Limited (the "Company") for the 52 week period ended 26 February 2011 (Prior period 52 weeks ended 27 February 2010)

#### **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. Although several leases have been surrendered during the year there has been no significant change in the nature of this activity during the period. Additional leases will be surrendered throughout the next financial period.

#### **Results and dividends**

The results for the period show a pre-tax profit of £470k (2010 £562k)

The Directors do not recommend payment of a dividend for the 52 weeks ended 26 February 2011 (2010 £nil)

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risk relates to the recovery of rental income. Otherwise, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on page 51 of the Tesco PLC group annual report for the 52 weeks ending 26 February 2011 which does not form part of this report.

#### **Charitable and political contributions**

There were no charitable or political donations for the period (2010 nil)

#### **Future outlook**

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

#### **Key performance indicators (KPI's)**

The development, performance and position of the UK operations of the Group, which includes the Company, is discussed on pages 48 to 49 of the Group's annual report which does not form part of this report.

#### **Research and development**

The Company does not undertake any research and development activities (2010 none)

#### **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.

The Company's ultimate parent company, Tesco PLC, is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk). Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its Balance Sheet.

## **BUGDEN LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **Employees**

The Company had no employees during the period (2010 none)

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

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

G Fryett  
A Higginson  
J Lloyd  
L Neville-Rolfe

Save as set out below, none of the Directors had any disclosable interests in the Company during this period

A Higginson 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 the 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 period.

#### **Cautionary statement regarding forward-looking information**

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

## **BUGDEN LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **Statement of Directors' responsibilities**

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

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. 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). Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they 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 accounting 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.

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, 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.

#### **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 the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

23 November 2011



J. Lloyd

Director

Bugden Limited

Registered Number 978329

Registered office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

## 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 period ended 26 February 2011 which comprise the Profit and Loss Account, the Balance, the Accounting Policies 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 and express an opinion on 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 26 February 2011 and of its profit for the period then 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 period 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.



Sandeep Dhillon (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

23 November 2011

## BUGDEN LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

	Notes	52 weeks to 26 February 2011 £'000	52 weeks to 27 February 2010 £'000
Operating lease income from group companies		27,424	33,620
Leasing costs		(26,954)	(33,058)
<b>Profit on ordinary activities before taxation</b>	2	<b>470</b>	562
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial period</b>	8,9	<b>470</b>	562

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

All operations are continuing for the financial period


The notes on pages 8 to 12 form part of these financial statements

# BUGDEN LIMITED

## BALANCE SHEET AS AT 26 FEBRUARY 2011

		26 February 2011 £'000	27 February 2010 £'000
	Notes		
<b>Current assets</b>			
Debtors – amounts falling due within one year	4	11,881	6,266
Debtors – amounts falling due after more than one year	5	11,033	12,305
Cash at bank and in hand		1,775	4,998
		<b>24,689</b>	23,569
Creditors – amounts falling due within one year	6	(21,692)	(21,042)
<b>Net current assets</b>		<b>2,997</b>	2,527
<b>Total assets less current liabilities</b>		<b>2,997</b>	2,527
<b>Net assets</b>		<b>2,997</b>	2,527
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account	8	2,996	2,526
<b>Total equity shareholder's funds</b>	9	<b>2,997</b>	2,527

The financial statements on pages 6 to 12 were approved by the board of Directors on 23 November 2011 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 26 FEBRUARY 2011**

#### **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.

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.

##### **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.

###### *The Company as a lessor*

Amounts due from lessees under finance leases are recorded as receivable at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment in the lease.

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

###### *The Company as a lessee*

Assets held under finance leases are recognised as tangible fixed assets of the Company at their fair value or if lower at the present value of the minimum lease payments each determined at the inception of the lease. The corresponding liability is included in the Balance Sheet as a finance obligation. Lease payments are apportioned between finance charges and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Profit and Loss Account.

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.

Payments made in advance under operating leases are recognised as prepayments and split between amounts relating to less than one year and greater than one year.



## BUGDEN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

#### 1. ACCOUNTING POLICIES (continued)

##### 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. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The directors received no emoluments for their services to the Company (2010 £nil)

The Company had no employees during the period (2010 none)

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

#### 3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

##### Factors that have affected the tax charge

The overall corporation tax rate for the Company for the full period is 28% (2010 28%)

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
<b>Current tax:</b>		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Current period tax	-	-
Prior period items	-	-
<b>Total deferred tax</b>	-	-
<b>Tax on profit on ordinary activities</b>	-	-

## BUGDEN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

#### 3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
Profit on ordinary activities before tax	470	562
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 28% (2010 28%)	132	157
Effects of		
Expenses not deductible for tax purposes	342	340
Income not taxable	(2)	(16)
Group relief received without payment	(472)	(481)
<b>Current tax charge/(credit) for the financial period</b>	<b>-</b>	<b>-</b>

#### 4. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed by group undertakings	10,663	5,045
Prepayments and accrued income	1,218	1,221
	<b>11,881</b>	<b>6,266</b>

Included within amounts owed by group undertakings are amounts that are unsecured, have no fixed date of repayment and are repayable on demand

#### 5. DEBTORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £'000	2010 £'000
Prepayments greater than one year	11,033	12,305
	<b>11,033</b>	<b>12,305</b>

#### 6. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed to group undertakings	21,692	21,042
	<b>21,692</b>	<b>21,042</b>

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

## BUGDEN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

#### 7. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each (2010 1,000)	1	1

#### 8. RESERVES

	Profit and loss reserve £'000
As at 27 February 2010	2,526
Profit for the financial period	470
As at 26 February 2011	2,996

#### 9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 26 FEBRUARY 2011

	2011 £'000	2010 £'000
Profit for the financial period	470	562
Retained profit for the financial period	470	562
Opening shareholders' funds	2,527	1,965
Closing shareholders' funds	2,997	2,527

#### 10. FINANCIAL COMMITMENTS

At 26 February 2011, the Company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows

	2011 £'000	2010 £'000
After five years	25,741	31,843

#### 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate and ultimate parent company, and controlling party, is Tesco PLC, which is 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

## **BUGDEN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **12. POST BALANCE SHEET EVENTS**

The Company has surrendered a number of leases where it is both a lessee and a lessor in order to unwind one of the lease structures within the Company