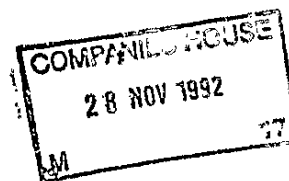


10708771



TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

REPORT AND ACCOUNTS

29 FEBRUARY 1992

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

DIRECTORS' REPORT

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the 19 weeks ended 29 February 1992.

RESULTS AND DIVIDENDS

The net profit of the company before tax for the period was £2,479,000 (1991 - £170,000). The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principal activity is the operation of retail chemist outlets. On 21 October 1991, certain assets and parts of the business were sold to Lidstore Ltd, a company in which Messrs P D Sharp and P G Mirzeoff, former directors of the company, have a material interest.

SIGNIFICANT CHANGES IN FIXED ASSETS

Changes in fixed assets are shown in Notes 7 to 9 to the financial statements.

CHANGE OF NAME

On 22 October 1991, the company changed its name to Tesco Dispensing Limited.

DIRECTORS AND THEIR INTERESTS

The following directors served during the period:-

Sir Ian MacLaurin	
D E Reid	
R S Ager	
J A Bailey	
M J Field	(resigned 28 October 1991)
M C Rudin	(resigned 28 October 1991)

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

For those directors at 29 February 1992 who were not also directors of the ultimate holding company, their interests in the shares of Tesco PLC at this date are given below:-

	Ordinary Shares		Executive & SAYE Options	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
R S Ager	8,468	8,152	251,379	247,703
J A Bailey	4,990	6,512	54,090	54,090

AUDITORS

Price Waterhouse have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution proposing their re-appointment as auditors of the company will be put to the Annual General Meeting.

Tesco Dispensing Limited
Registered Number 1070877

By Order of the Board

A handwritten signature in dark ink, consisting of a stylized 'J' and 'A' followed by a horizontal line.

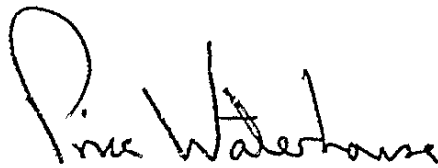
J A BAILEY, FCIS, ACIB
Secretary

6 April 1992

AUDITORS' REPORT TO THE MEMBERS OF TESCO DISPENSING LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 29 February 1992 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "Price Waterhouse".

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

10 Bricket Road
ST ALBANS
Herts AL1 3JX

6 April 1992

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

PROFIT & LOSS ACCOUNT
FOR THE 19 WEEKS ENDED 29 FEBRUARY 1992 (1991 - 59 WEEKS)

	<u>NOTE</u>	<u>19 WEEKS</u> <u>ENDED</u> <u>29 FEB 92</u> <u>£'000</u>	<u>59 WEEKS</u> <u>ENDED</u> <u>18 OCT 91</u> <u>£'000</u>
Turnover excluding Value Added Tax	2	2,483	10,018
Cost of sales		1,709	6,526
		<hr/>	<hr/>
Gross profit		774	3,492
Administration expenses		723	3,336
		<hr/>	<hr/>
Operating profit	3	51	156
Profit on sale of tangible and intangible fixed assets	4	2,428	-
Interest receivable less payable	5	2	14
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,481	170
Tax on profit on ordinary activities	6	13	92
		<hr/>	<hr/>
Profit for the financial period	15	2,468	78
		<hr/>	<hr/>

The notes on pages 6 to 11 form part of these accounts.

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

BALANCE SHEET AS AT 29 FEBRUARY 1992

	NOTE	£'000	1992 £'000	18 OCTOBER 1991 £'000
FIXED ASSETS				
Tangible Assets	7		-	225
Intangible Assets	8		404	344
Investments	9		-	54
			<u>404</u>	<u>623</u>
CURRENT ASSETS				
Stocks			-	1,270
Debtors	10	3,026		878
Short-term deposits		50		-
Cash at bank and in hand		-		10
			<u>3,076</u>	<u>2,158</u>
CREDITORS (amounts falling due within one year)	11	57		1,790
			<u>3,019</u>	<u>368</u>
NET CURRENT ASSETS				
Total Assets less Current Liabilities			<u>3,423</u>	<u>991</u>
CREDITORS (amounts falling due after more than one year)	12		-	18
Provision for liabilities and charges	13		-	18
			<u>3,423</u>	<u>955</u>
<u>CAPITAL & RESERVES</u>			<u>=====</u>	<u>=====</u>
Called up Share Capital	14		-	-
Revaluation Reserve	15		-	13
Profit & Loss Account	15		3,423	942
			<u>3,423</u>	<u>955</u>
			<u>=====</u>	<u>=====</u>

Approved By the Board on 6 April 1992.

D E REID DIRECTOR

The notes on pages 6 to 11 form part of these accounts.

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 29 FEBRUARY 1992

1. ACCOUNTING POLICIES

Basis of Accounts

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention, and are in accordance with the Companies Act 1985.

Deferred Taxation

Provision for deferred taxation is made only to the extent that it is probable that a liability will crystallise.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Leasehold property and improvements	- on a straight line basis over the life of the lease.
Furniture, fittings and equipment	- 15% per annum on a reducing balance basis.
Motor vehicles	- 25% per annum on a reducing balance basis.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor.

Intangible Fixed Assets

Intangible fixed assets which comprise pharmacy licences, are stated at cost less accumulated amortisation. Amortisation is provided to write off the cost, less estimated residual values, over their expected useful lives, and is calculated on a straight line basis over 15 years.

Stocks

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

2. TURNOVER

All activities were carried out in the United Kingdom. Turnover was generated from the operation of chemist outlets.

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS continued...

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following:-

	Period ended 29 Feb 92 £'000	Period ended 18 Oct 91 £'000
Wages & Salaries	Nil	2,488
Social Security Costs	Nil	154
Other Pension Costs	Nil	114
Auditors' Remuneration	Nil	15
Directors' Emoluments (see below)	Nil	971
Operating Lease Costs	Nil	328
Depreciation of Tangible Fixed Assets	Nil	45
Amortisation of Goodwill	<u>Nil</u>	<u>53</u>
Directors' emoluments comprise:		
Remuneration	Nil	859
Pension contributions	<u>Nil</u>	<u>112</u>
	<u>Nil</u>	<u>971</u>

Excluding pension contributions, the emoluments of the highest paid director was £Nil (1991 £430,000) and the emoluments of the Chairman was £Nil (1991 £429,000).

The average weekly number of employees during the period was Nil (1991 - 314). Auditors' remuneration has been borne by the parent company.

The administrative expenses incurred during the period wholly relate to a management charge from Tesco Stores Limited, the immediate holding company, in respect of services provided.

4. PROFIT ON SALE OF TANGIBLE AND INTANGIBLE FIXED ASSETS

On 21 October 1991, certain assets and parts of the business were sold to Lidstore Ltd. These comprised:-

	£'000
Net Book Value of Assets Sold:-	
Tangible fixed assets	225
Intangible fixed assets	344
Quoted investments	<u>54</u>
	623
Sale proceeds	<u>3,051</u>
Profit on sale	<u>2,428</u>

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS continued...

5. INTEREST RECEIVABLE LESS PAYABLE

	Period ended 29 Feb 92 £'000	Period ended 18 Oct 91 £'000
Interest receivable	<u>2</u>	<u>40</u>
Less interest payable on:		
Bank loans and overdrafts	-	9
Hire purchase and finance leases	-	5
Other interest	<u>-</u>	<u>12</u>
Net interest receivable	<u>2</u>	<u>26</u>
		<u>14</u>

6. TAXATION

United Kingdom taxation:		
UK Corporate Tax at 33.0 (1991 25.7%)	(2)	62
Deferred taxation	(18)	4
Group relief	33	-
Prior year items	<u>-</u>	<u>26</u>
	<u>13</u>	<u>92</u>

7. TANGIBLE FIXED ASSETS

	Leasehold Property & Improvements £'000	Furniture Fittings & Equipment £'000	Vehicles £'000	Total £'000
Cost or valuation				
At 19 October 1991	36	271	116	423
Disposals	<u>(36)</u>	<u>(271)</u>	<u>(116)</u>	<u>(423)</u>
At 29 February 1992	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 19 October 1991	14	140	44	198
Disposals	<u>(14)</u>	<u>(140)</u>	<u>(44)</u>	<u>(198)</u>
At 29 February 1992	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value				
At 29 February 1992	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 19 October 1991	<u>22</u>	<u>131</u>	<u>72</u>	<u>225</u>

The net book value of tangible fixed assets as at 29 February 1992 includes equipment subject to finance leases amounting to £Nil (1991 £44,000). Depreciation of £Nil (1991 - £18,000) was charged for the period in respect of these assets.

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS continued...

8.	<u>INTANGIBLE FIXED ASSETS</u>	£'000
	PHARMACY LICENSES	
	Cost:	
	At 19 October 1991	502
	Additions	404
	Disposals	(502)
	At 29 February 1992	<u>404</u>
	Amortisation:	
	At 19 October 1991	158
	Disposals	(158)
	At 29 February 1992	<u>-</u>
	Net Book Value:	
	At 29 February 1992	<u>404</u>
	At 19 October 1991	<u>344</u>

9.	<u>INVESTMENTS</u>	£'000
	At 19 October 1991	54
	Disposals	(54)
	At 29 February 1992	<u>-</u>

The investments above are listed on the London Stock Exchange and were revalued at the then market value at 18 October 1991. The original cost of these investments was £45,230.

10.	<u>DEBTORS</u>	29 Feb 1992 £'000	18 Oct 1991 £'000
	Trade debtors	477	699
	Amounts owed by group undertakings	2,549	-
	Other debtors	-	92
	Prepayments and accrued income	-	87
		<u>3,026</u>	<u>878</u>

11.	<u>CREDITORS (Amounts falling due within one year)</u>		
	Bank loans and overdraft (secured)	-	61
	Trade creditors	-	1,220
	Corporation tax	57	88
	Other taxation and social security	-	32
	Obligations under hire purchase agreements and finance leases	-	11
	Other creditors	-	41
	Accruals	-	337
		<u>57</u>	<u>1,790</u>

The bank loans and overdraft were secured by a fixed charge over certain leasehold property.

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS continued...

12. CREDITORS (Amounts falling due after more than one year)

	29 Feb 1992 £'000	18 Oct 1991 £'000
Obligations under hire purchase agreements and finance leases repayable between one and two years	-	18

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Amount Provided		Potential Amount for Deferred Tax on all Timing <- Differences ->	
	29 Feb 1992 £'000	18 Oct 1991 £'000	29 Feb 1992 £'000	18 Oct 1991 £'000
Accelerated capital allowances	-	15	-	15
Unrealised capital gains	-	3	33	33
	-	18	33	48

14. CALLED UP SHARE CAPITAL

	29 Feb 1992 £	18 Oct 1991 £
Authorised ordinary shares of £1	100	100
Issued and fully paid shares of £1 each	4	4

15. RESERVES

	Revaluation Reserve £'000	Profit & Loss Account £'000
At 19 October 1991	13	942
Profit retained	-	2,468
Revaluation reserve realised on disposal of fixed assets and investments	(13)	13
At 29 February 1992	-	3,423

TESCO DISPENSING LIMITED
(FORMERLY SHARP CHEMISTS LIMITED)

NOTES TO THE ACCOUNTS continued...

16. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, the company had the following annual commitments under non-cancellable operating leases:-

	29 Feb <u>1992</u> £'000	18 Oct <u>1991</u> £'000
Within one year	-	43
Between one and five years	-	281
More than five years	-	24
	<u>-</u>	<u>348</u>

17. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Tesco Stores Limited, which is incorporated in Great Britain and registered in England. The ultimate holding company is Tesco PLC which is also incorporated in Great Britain and registered in England. Copies of the group accounts can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.