

Company Registration Number 1621213

THE COUNTRY MARKET LIMITED
FINANCIAL STATEMENTS
26 FEBRUARY 2005



THE COUNTRY MARKET LIMITED

FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

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THE COUNTRY MARKET LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

C P Holmes
Sir T P Leahy
L J Neville Rolfe
M J Field

Company secretary

H J O'Keefe

Registered office

Tesco House
Delamare Road
Cheshunt
Hertfordshire
EN8 9SL

Auditors

Blick Rothenberg
Chartered Accountants and
Registered Auditors
12 York Gate
Regent's Park
London, NW1 4QS

THE COUNTRY MARKET LIMITED

DIRECTORS' REPORT

PERIOD ENDED 26 FEBRUARY 2005

The directors present their report and the financial statements of the company for the period ended 26 February 2005.

Principal activity and business review

The principal activity of the company during the period was that of retail grocers.

The results for the period and the financial position at the period end were considered satisfactory by the directors.

During the period all of the company's stores were transferred to other Tesco group companies and were converted to Tesco stores. The company has ceased to trade.

Results and dividends

The results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

It is proposed to transfer the retained loss for the period of £98,199 to reserves.

The directors and their interests in shares of the company

The directors who served the company during the period were as follows:

C P Holmes	(Appointed 19 April 2004)
Sir T P Leahy	(Appointed 19 April 2004)
L J Neville Rolfe	(Appointed 19 April 2004)
M J Field	(Appointed 25 January 2005)
R I Bell	(Resigned 25 January 2005)
K McMeikan	(Resigned 5 November 2004)

At 26 February 2005, C P Holmes held an interest of 762,888 shares, and options over a further 156,713 shares, in the share capital of the ultimate parent undertaking. At the same date, M J Field held an interest of 244,312 shares in the share capital of the ultimate parent undertaking. Details of the interests of directors who were also directors of the ultimate parent company, are contained in the Annual Report and Financial Statements of Tesco PLC.

Fixed assets

The movements in fixed assets are set out in the notes to the financial statements.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period then ended.

THE COUNTRY MARKET LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD ENDED 26 FEBRUARY 2005

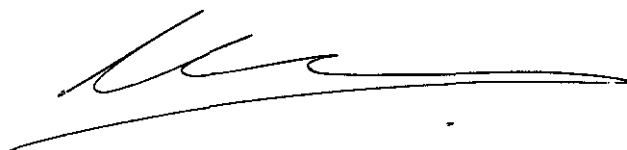
Directors' responsibilities *(continued)*

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 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Signed on behalf of the directors



C P Holmes
Director

11 April 2005

THE COUNTRY MARKET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD ENDED 26 FEBRUARY 2005

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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.

THE COUNTRY MARKET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

PERIOD ENDED 26 FEBRUARY 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 26 February 2005 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

12 York Gate
Regent's Park
London, NW1 4QS

13 April 2005


BLICK ROTHENBERG
Chartered Accountants and
Registered Auditors

THE COUNTRY MARKET LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 26 FEBRUARY 2005

	Note	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Turnover	2	161,158	1,294,531
Net operating expenses	3	(202,471)	(1,191,736)
Operating (loss)/profit	5	<u>(41,313)</u>	<u>102,795</u>
Loss on disposal of fixed assets		(57,022)	(42,058)
		<u>(98,335)</u>	<u>60,737</u>
Interest receivable		136	1,892
(Loss)/profit on ordinary activities before taxation		<u>(98,199)</u>	<u>62,629</u>
Tax on (loss)/profit on ordinary activities	6	—	(39,399)
Retained (loss)/profit for the financial period		<u>(98,199)</u>	<u>23,230</u>

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as discontinued.

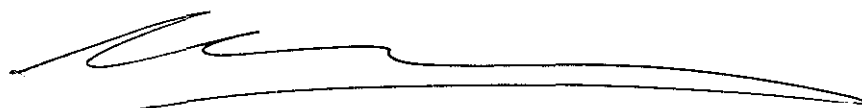
THE COUNTRY MARKET LIMITED

BALANCE SHEET

26 FEBRUARY 2005

	Note	£	26 Feb 05 £	£	17 Apr 04 £
Fixed assets					
Tangible assets	7		—		69,023
Current assets					
Stocks	8	—		49,277	
Creditors: Amounts falling due within one year	9	<u>(329,799)</u>		<u>(349,900)</u>	
Net current liabilities			<u>(329,799)</u>		<u>(300,623)</u>
Total assets less current liabilities			<u>(329,799)</u>		<u>(231,600)</u>
Capital and reserves					
Called-up share capital	12		100,000		100,000
Profit and loss account	13		<u>(429,799)</u>		<u>(331,600)</u>
Deficiency	14		<u>(329,799)</u>		<u>(231,600)</u>

These financial statements were approved by the board of directors on 11 April 2005 and are signed on its behalf by:



C P Holmes
Director

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

1. Accounting policies

1.1 Basis of accounting

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

1.2 Turnover

Turnover represents amounts receivable for goods and services, net of value added tax.

1.3 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment - 15-25% straight line

1.4 Stocks

Stocks in stores are valued by professional stocktakers at retail prices adjusted to the lower of cost and net realisable value.

1.5 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Turnover

The turnover and loss before tax are attributable to the principal activity of the company.

A geographical analysis of turnover is given below:

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
United Kingdom	<u>161,158</u>	<u>1,294,531</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

3. Net operating expenses

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Change in stocks of finished goods	49,277	185,709
Raw materials and consumables	78,467	754,930
Other external charges	(37,489)	(111,712)
Staff costs	71,059	199,406
Depreciation	—	71,273
Other operating charges	49,261	121,056
Other operating income	(8,104)	(28,926)
	<u>202,471</u>	<u>1,191,736</u>

4. Particulars of employees

The average number of staff, including the directors, employed by the company during the financial period was:

	Period from 18 Apr 04 to 26 Feb 05 Number	Period from 28 Sep 03 to 17 Apr 04 Number
Administration	4	2
Shop assistants	12	20
	<u>16</u>	<u>22</u>

The aggregate payroll costs of the above were:

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Wages and salaries	64,690	185,885
Social security costs	6,369	13,521
	<u>71,059</u>	<u>199,406</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Depreciation	—	71,273
Auditors' remuneration:		
- as auditors	1,158	2,607
- other services	660	2,376
Operating lease costs:		
- land and buildings	3,796	2,735
Rent receivable	<u>(7,788)</u>	<u>(11,813)</u>

6. Tax on (loss)/profit on ordinary activities

Taxation

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Current tax:		
UK corporation tax based on the results for the period at 30% (2004: 30%)	—	39,432
Adjustment in respect of previous years:		
Corporation tax	<u>—</u>	<u>(33)</u>
	<u>—</u>	<u>39,399</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

6. Tax on (loss)/profit on ordinary activities *(continued)*

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2004: 30%).

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
(Loss)/profit on ordinary activities before taxation	<u>(98,199)</u>	<u>62,629</u>
(Loss)/profit on ordinary activities at standard rate of corporation tax	(29,460)	18,789
Accounting depreciation not eligible for tax purposes	-	1,289
Accounting depreciation in excess of capital allowances	(44,500)	9,973
Adjustments relating to prior years	-	(33)
Group relief claimed	72,712	(3,333)
Adjustments not credited to profit and loss account	-	10
Capital expenditure expensed	-	87
Profit on disposal of properties	-	12,617
Expenses not deductible	<u>1,248</u>	<u>-</u>
Total current tax	<u>-</u>	<u>39,399</u>

7. Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 18 April 2004	137,191
Disposals	<u>(137,191)</u>
At 26 February 2005	<u>-</u>
Depreciation	
At 18 April 2004	68,168
On disposals	<u>(68,168)</u>
At 26 February 2005	<u>-</u>
Net book value	
At 26 February 2005	<u>-</u>
At 17 April 2004	<u>69,023</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

8. Stocks

	26 Feb 05 £	17 Apr 04 £
Finished goods and goods for resale	<u>—</u>	<u>49,277</u>

9. Creditors: Amounts falling due within one year

	26 Feb 05 £	17 Apr 04 £
Amounts owed to group undertakings	329,799	310,468
Corporation tax	<u>—</u>	<u>39,432</u>
	<u>329,799</u>	<u>349,900</u>

10. Contingencies

At 26 February 2005 there were contingent liabilities of £nil (2004: £173,748) in relation to amounts of guarantees of bank borrowings of group undertakings.

11. Related party transactions, controlling party and ultimate parent company

The company has taken advantage of the exemption afforded by Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the Tesco PLC group on the grounds that at least 90% of the voting rights are controlled within that group and the company is included in the consolidated financial statements.

The immediate controlling party is Adminstore Limited, a company incorporated in England. The ultimate parent company is Tesco PLC, a company incorporated in England, which is the only group of which the company is a member for which group accounts are prepared. The group financial statements of Tesco PLC are available from Companies House, Crown Way, Cardiff, CF4 3UZ. There is no ultimate controlling party.

12. Share capital

	2005		2004	
	Number	£	Number	£
Authorised share capital:				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid:				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 26 FEBRUARY 2005

13. Profit and loss account

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Balance brought forward	(331,600)	(354,830)
Retained (loss)/profit for the financial period	(98,199)	23,230
Balance carried forward	<u>(429,799)</u>	<u>(331,600)</u>

14. Reconciliation of movements in shareholders' funds

	26 Feb 05 £	17 Apr 04 £
(Loss)/profit for the financial period	(98,199)	23,230
Opening shareholders' equity deficit	<u>(231,600)</u>	<u>(254,830)</u>
Closing shareholders' equity deficit	<u>(329,799)</u>	<u>(231,600)</u>

15. Letter of financial support

The accounts have been prepared on a going concern basis as the company is in receipt of a letter of financial support from its ultimate parent company.

THE COUNTRY MARKET LIMITED

MANAGEMENT INFORMATION

PERIOD ENDED 26 FEBRUARY 2005

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 4 to 5.**

THE COUNTRY MARKET LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

PERIOD ENDED 26 FEBRUARY 2005

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Turnover	161,158	1,294,531
Cost of sales		
Opening stock	(49,277)	(234,986)
Purchases	(78,467)	(754,930)
Discounts received	37,489	111,712
	(90,255)	(878,204)
Closing stock	—	49,277
	(90,255)	(828,927)
Gross profit	70,903	465,604
Overheads		
Administrative expenses	(120,320)	(391,735)
	(49,417)	73,869
Other operating income	8,104	28,926
Operating (loss)/profit	(41,313)	102,795
Loss on disposal of fixed assets	(57,022)	(42,058)
	(98,335)	60,737
Bank interest receivable	136	1,892
(Loss)/profit on ordinary activities	(98,199)	62,629

THE COUNTRY MARKET LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

PERIOD ENDED 26 FEBRUARY 2005

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Administrative expenses		
Personnel costs		
Wages and salaries	64,690	185,885
Staff national insurance contributions	6,369	13,521
	<u>71,059</u>	<u>199,406</u>
Establishment expenses		
Rent	3,796	2,735
Rates and water	12,228	32,411
Light and heat	4,413	6,232
Insurance	979	5,991
	<u>21,416</u>	<u>47,369</u>
General expenses		
Motor expenses	893	1,962
Travel and subsistence	690	1,968
Telephone	981	3,691
Computer costs	972	2,625
Hire of equipment	226	—
Equipment repairs and renewals	1,604	4,900
Printing, postage and stationery	1,011	1,215
Staff training	1,725	238
Staff welfare	178	954
Cash collection	1,239	1,228
Sundry expenses	419	4,707
Cleaning	1,768	2,710
Subscriptions	—	494
Advertising	—	7,200
Stocktake charges	1,250	5,750
Legal and professional fees	2,073	13,864
Management fee	—	9,296
Management recharge	10,111	—
Auditors' remuneration	1,158	2,607
Depreciation	—	71,273
	<u>26,298</u>	<u>136,682</u>
Financial costs		
Bank charges	1,547	8,278
	<u>120,320</u>	<u>391,735</u>
Other operating income		
Rent receivable	7,788	11,813
Other operating income	316	17,113
	<u>8,104</u>	<u>28,926</u>

THE COUNTRY MARKET LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

PERIOD ENDED 26 FEBRUARY 2005

	Period from 18 Apr 04 to 26 Feb 05 £	Period from 28 Sep 03 to 17 Apr 04 £
Interest receivable and similar income		
Bank interest receivable	<u>136</u>	<u>1,892</u>