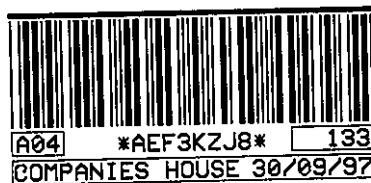


3193655

YESTERDIRECT LIMITED

REPORT AND ACCOUNTS

22 FEBRUARY 1997



YESTERDIRECT LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial accounts for the period ended 22 February 1997.

REVIEW OF THE BUSINESS

The company was incorporated on 2 May 1996 and has not traded and has not incurred any liabilities and consequently has made neither profit nor loss.

DIRECTORS AND THEIR INTERESTS

The following Directors served during the period:-

D E Reid (Appointed 21 May 1996)
R S Ager (Appointed 21 May 1996)
J A Bailey (Appointed 21 May 1996)

None of the directors had any disclosable interests in the company during the period. D E Reid and R S Ager are also directors of Tesco PLC, the company's ultimate holding company, and as such their disclosable interests in Tesco PLC are all declared in the accounts of that Company.

For the one director as at 22 February 1997 who was not also a director of the ultimate holding company, his interests in the shares of Tesco PLC are given below:-

	<u>Ordinary Shares</u>		<u>ShareOptions*</u>	
	<u>22 Feb</u> <u>1997</u>	<u>21 May</u> <u>1996</u>	<u>22 Feb</u> <u>1997</u>	<u>21 May</u> <u>1996</u>
J A Bailey	6,017	7,297	70,315	45,315

* Executive share option scheme (1984 & 1994) and Savings related share option scheme (1981). Details of those schemes are set out in the annual report and accounts of Tesco PLC.

YESTERDIRECT LIMITED

DIRECTORS' REPORT/ cont.....

RESPONSIBILITIES OF DIRECTORS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 4 to 5 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office in accordance with Section 384 of the Companies Act 1985 and a resolution proposing their reappointment as auditors of the company will be put to the Annual General Meeting.

By order of the Board



M J Field
Secretary

Yesterdirect Limited
Registered Number 3193655

24 SEP 1997
1997

YESTERDIRECT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF YESTERDIRECT LIMITED

We have audited the financial statements on pages 4 to 5 which have been prepared under the historical cost convention, and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


BASIS OF OPINION

We conducted our audit in accordance with the 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 are 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 of the state of affairs of the company as at 22 February 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Price Waterhouse
10 Bricket Road
St Albans
Herts AL1 3JX
Chartered Accountants
and Registered Auditors

24 September 1997

YESTERDIRECT LIMITED

BALANCE SHEET AS AT 22 FEBRUARY 1997

	Note	<u>1997</u>
		£
CURRENT ASSETS		
DEBTORS:		
Amounts due from group undertakings		2
NET ASSETS		<u>2</u>
CAPITAL AND RESERVES		
Called up share capital	3	2
		<u>2</u>

Approved by the Board on 24 SEP 1997 1997.


J A BAILEY

DIRECTOR

The notes on page 5 form part of these accounts.

YESTERDIRECT LIMITED
NOTES TO THE ACCOUNTS - 22 FEBRUARY 1997

1. **ACTIVITY AND DIRECTORS**

The company has not traded in the period ended 22 February 1997, has not incurred any liabilities and consequently has made neither profit nor loss. None of the directors received any emoluments in respect of their services to the company.

2. **ACCOUNTING POLICIES**

BASIS OF ACCOUNTS

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

In accordance with Paragraph 5 of FRS1 (revised 1996), the company being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flow of this company, has not prepared a statement itself.

Auditors remuneration is paid by other group companies.

The company had no employees during the period.

3. **CALLED UP SHARE CAPITAL**

	<u>1997</u>
	£
Authorised	
2 Ordinary Shares of £1.00 each	2
Allotted and Fully Paid	
2 Ordinary Shares of £1.00 each	2

4. **PARENT COMPANY**

The company is a wholly owned subsidiary of Tesco PLC which is incorporated in Great Britain, and registered in England, and is the ultimate holding company. Copies of the Group accounts can be obtained from Tesco PLC, Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

5. **RELATED PARTY DISCLOSURES**

Transactions with other companies within the group are not disclosed as the company is taking advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures", as the consolidated accounts of Tesco PLC in which the company is included are available at the address noted above.