

TESCO DISTRIBUTION HOLDINGS LIMITED 3197655
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 FEBRUARY 2001



TESCO DISTRIBUTION HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 24 February 2001.

Principal activity

The principal activity of the company is to act as a holding company.

Review of business and future developments

The company has continued to perform in line with group expectations and should continue to do so.

Results and dividends

The company has made neither a profit nor a loss after taxation for the year (2000: £nil). The directors do not recommend payment of a final dividend (2000: £nil).

Directors and their interests

The directors who served during the year were:

D E Reid
R S Ager
J A Bailey

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

D E Reid and R S Ager are also directors of Tesco PLC, the company's ultimate parent company, and as such their disclosable interest in Tesco PLC are all declared in the financial statements of that company.

For the one director as at 24 February 2001, who was not also a director of the ultimate parent company, his interests in the shares of Tesco PLC at the beginning and end of the year are given below:

	Ordinary shares			Share options*		2000
	2001	2000	2001	Granted	Exercised	
J A Bailey	28,021	37,111	101,110	30,978	48,204	118,336

* Executive share option scheme (1984, 1994 and 1996) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and financial statements of Tesco PLC.

Directors' responsibilities

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

The directors consider that in preparing the financial statements on pages 4 to 7 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.

TESCO DISTRIBUTION HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

Directors' responsibilities (continued)

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.

Euro

It is believed that the introduction of the euro will not impact the business now, or in the future.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board on 20th August 2001

J A Bailey
Director

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

Tesco Distribution Holdings Limited
Registered Number 3193655

**INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDER OF TESCO DISTRIBUTION HOLDINGS
LIMITED**

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on pages 1 and 2 of the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 24 February 2001 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

31 August 2001

TESCO DISTRIBUTION HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24 FEBRUARY 2001

	Note	2001 £'m	2000 £'m
Dividend income from shares in group undertakings		-	-
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities		-	-
Retained profit for the year	5,6	-	-

The company had no recognised gains or losses other than those reflected in the profit and loss account above.

The notes on pages 6 and 7 form part of these financial statements.

TESCO DISTRIBUTION HOLDINGS LIMITED

BALANCE SHEET AS AT 24 FEBRUARY 2001

	Note	2001 £'m	2000 £'m
FIXED ASSETS			
Investments	3	150	150
CURRENT ASSETS			
Cash at bank and in hand		50	50
CREDITORS: amounts due to group undertakings			
		(150)	(150)
NET CURRENT LIABILITIES			
		(100)	(100)
NET ASSETS			
		50	50
CAPITAL AND RESERVES			
Called up share capital	4	-	-
Profit and loss account	5	50	50
EQUITY SHAREHOLDER'S FUNDS			
	6	50	50

Approved by the Board on 20th August 2001

J A Bailey
Director



The notes on pages 6 and 7 form part of these financial statements.

TESCO DISTRIBUTION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 FEBRUARY 2001

1 ACCOUNTING POLICIES

Basis of accounting

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

In accordance with FRS2, group accounts have not been prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in the UK.

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

2 OPERATING PROFIT

Auditors' remuneration for the year has been borne by other group companies.

The company had no employees during the period (2000: nil).

The directors did not receive any emoluments for their services to the company (2000: £nil).

3 INVESTMENTS

	2001 £'m	2000 £'m
Investment in Tesco Distribution Limited	150	150

Tesco Distribution Holdings Limited owns 100% of the Ordinary share capital of Tesco Distribution Limited.

Tesco Distribution Limited is a company registered and operating in the United Kingdom. Its principal activity is the transportation and storage of goods.

4 CALLED-UP SHARE CAPITAL

	2001 £'m	2000 £'m
Authorised, allotted, issued and fully paid up:		
2 ordinary shares of £1 each	-	-

TESCO DISTRIBUTION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 FEBRUARY 2001 (continued)

5 RESERVES

	£'m
Profit and loss account as at 26 February 2000	50
Retained profit for the year	-
Profit and loss account as at 24 February 2001	50

6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2001 £'m	2000 £'m
Profit for financial year	-	-
Opening shareholder's funds	50	50
Closing shareholder's funds	50	50

7 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Tesco Holdings Limited.

The ultimate parent undertaking 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 group financial statements can be obtained from The Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire EN8 9SL.

8 RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under 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.

9 FINANCIAL SUPPORT

The ultimate parent company has indicated that it will provide financial support to the company for the foreseeable future.