

TESCO OVERSEAS ULC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 24 FEBRUARY 2007  
(Registered Number: 3684273)

SATURDAY



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# **TESCO OVERSEAS ULC**

## **DIRECTORS' REPORT**

### **Directors' Report for the period ended 24 February 2007**

The directors present their report and audited financial statements of Tesco Overseas ULC ("the company") for the period ended 24 February 2007

#### **Business review and principal activities**

Tesco Overseas ULC acts as a finance company

The results for the period show a loss after tax of £3m (2006 loss of £10m) During the period a dividend was paid of £208m (2006 £nil)

The company has net assets of £41m (2006 £251m)

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

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately These risks are discussed on page 16 of the Tesco PLC group annual report which does not form part of this report

#### **Key performance indicators**

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

#### **Research and development**

The company does not undertake any research and development activities

#### **Employees**

The company had no employees during the period (2006 none)

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

The following directors served during the period

J Lloyd  
L Neville-Rolfe

None of the directors had any disclosable interests in the company during the period

L Neville-Rolfe is also a director of Tesco PLC, the company's ultimate parent company, and as such her disclosable interests in Tesco PLC are all declared in the financial statements of that company

# **TESCO OVERSEAS ULC**

## **DIRECTORS' REPORT (continued)**

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. 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). The financial statements are required by law to 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there will be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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**

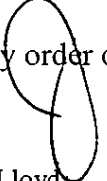
Each director who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board 21<sup>st</sup> November 2007

  
J Lloyd  
Director  
Tesco Overseas ULC  
Registered Number 3684273

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO OVERSEAS ULC

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 Tesco Overseas ULC for the period ended 24 February 2007 which comprise the Profit and Loss account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 February 2007 and of its results for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
St Albans

22nd November 2007

## TESCO OVERSEAS ULC

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 24 FEBRUARY 2007

		2007	2006
	Notes	£'000	£'000
Net foreign exchange loss		(3,315)	-
<b>Loss on ordinary activities before taxation</b>	2	<b>(3,315)</b>	-
Tax on loss on ordinary activities	3	-	(10,441)
<b>Loss on ordinary activities after taxation</b>		<b>(3,315)</b>	<b>(10,441)</b>
Dividends paid	4	(208,173)	-
<b>Loss for the financial period</b>	9	<b>(211,488)</b>	<b>(10,441)</b>

There are no recognised gains or losses other than those shown in the Profit and Loss account above

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

The notes on pages 7 to 10 form part of these financial statements

**TESCO OVERSEAS ULC**

**BALANCE SHEET AS AT 24 FEBRUARY 2007**

	Notes	2007 £'000	2006 £'000
<b>Current assets</b>			
Debtors			
- due within one year	5	41,195	261,819
Cash at bank and in hand		-	11
		<b>41,195</b>	<b>261,830</b>
Creditors – Amounts falling due within one year	6	(151)	(10,441)
		<b>(151)</b>	<b>(10,441)</b>
<b>Net assets</b>		<b>41,044</b>	<b>251,389</b>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Share premium account	8	39,578	258,435
Other reserve	8	11,827	-
Profit and loss reserve	8	(10,361)	(7,046)
<b>Total shareholders' funds</b>	9	<b>41,044</b>	<b>251,389</b>

The notes on pages 7 to 10 form part of these financial statements

The financial statements on pages 5 to 10 were approved by the board of directors on 21<sup>st</sup> November 2007 and were signed on its behalf by



J Lloyd  
Director

# TESCO OVERSEAS ULC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007

### 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 1985

#### Cash flow statement

In accordance with paragraph 5 of FRS 1 "Cash Flow Statements (Revised)", the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself

#### Taxation

The amount included in the Profit and Loss account is based on pre-tax reported income and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities

#### Intra group loans

All intra group loans are non interest bearing

#### Changes in accounting policies and prior year adjustments

During the year, the company adopted FRS20 "Share-based Payment" in the preparation of the financial statements. The adoption of this standard did not have any impact on the shareholder's funds of the company

### 2 LOSS ON ORDINARY ACTIVITIES BEFORE TAX

The directors received no emoluments for their services to the company (2006 £nil)

The company had no employees during the period (2006 none)

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

### 3 TAXATION

	2007 £'000	2006 £'000
<b>Current tax:</b>		
UK Corporation tax on loss for the period	-	5,065
Adjustments in respect of previous periods	-	5,376
Tax on loss on ordinary activities	-	10,441

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £'000	2006 £'000
<b>Loss on ordinary activities before tax</b>	<b>(3,315)</b>	-
Loss on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	(995)	-
Effects of		
Group relief received without payment	(2,162)	-
Adjustment in respect of prior years	-	5,376
Taxable income on group transactions	3,157	5,065
Current tax charge for the period	-	10,441

# TESCO OVERSEAS ULC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007 (continued)

### 4. DIVIDENDS

	2007 £'m	2006 £'m
Equity ordinary dividends paid £208,173,243 (2006 nil) per share	208,173	-

The directors declared a special dividend which was paid to the "J" share holder only

### 5 DEBTORS – DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Amounts owed by group undertakings	41,195	261,819

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

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

	2007 £'000	2006 £'000
Bank overdraft	151	-
Amounts due to group undertakings	-	10,441
	151	10,441



# TESCO OVERSEAS ULC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007 (continued)

### 7. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
440 "A" ordinary shares of £1 each	440	440
2,000 "B" ordinary shares of £1 each	2,000	2,000
315 "C" ordinary shares of £1 each	315	315
315 "D" ordinary shares of £1 each	315	315
315 "E" ordinary shares of £1 each	315	315
315 "F" ordinary shares of £1 each	315	315
315 "G" ordinary shares of £1 each	315	315
315 "H" ordinary shares of £1 each	315	315
315 "I" ordinary shares of £1 each	315	315
315 "J" ordinary shares of £1 each	315	315
315 "K" ordinary shares of £1 each	315	315
315 "L" ordinary shares of £1 each	315	315
315 "M" ordinary shares of £1 each	315	315
315 "N" ordinary shares of £1 each	315	315
315 "O" ordinary shares of £1 each	315	315
315 "P" ordinary shares of £1 each	315	315
315 "Q" ordinary shares of £1 each	315	315
315 "R" ordinary shares of £1 each	315	315
315 "S" ordinary shares of £1 each	315	315
315 "T" ordinary shares of £1 each	315	315
315 "U" ordinary shares of £1 each	315	315
315 "V" ordinary shares of £1 each	315	315
315 "W" ordinary shares of £1 each	315	315
315 "X" ordinary shares of £1 each	315	315
315 "Y" ordinary shares of £1 each	315	315
315 "Z" ordinary shares of £1 each	315	315
	<b>10,000</b>	<b>10,000</b>
Allotted, called up and fully paid		
129 "A" ordinary shares of £1 each	129	129
43 "B" ordinary shares of £1 each	43	43
55 "C" ordinary shares of £1 each	55	55
1 "D" ordinary share of £1	1	1
1 "E" ordinary share of £1	1	1
1 "F" ordinary share of £1	1	1
1 "G" ordinary share of £1	1	1
1 "H" ordinary share of £1	1	1
1 "J" ordinary share of £1	1	1
1 "K" ordinary share of £1	1	1
1 "L" ordinary share of £1	1	-
	<b>245</b>	<b>244</b>

During the year 1 ordinary L share of £1 was issued for cash. The nominal value of the consideration received including share premium was £23,838,001.

All classes of shares rank pari passu in all respects.

# TESCO OVERSEAS ULC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007 (continued)

### 8. RESERVES

	Other Reserve £'000	Share Premium £'000	Profit and loss reserve £'000
As at 25 February 2006	-	258,435	(7,046)
Loss for the period	-	-	(3,315)
Dividends	(208,173)	-	-
Share premium on share issue	-	23,838	-
Share premium repayment	-	(22,695)	-
Share premium transfer	220,000	(220,000)	-
As at 24 February 2007	11,827	39,578	(10,361)

### 9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2007 £'000	2006 £'000
Loss for the period	(3,315)	(10,441)
Dividends	(208,173)	-
Loss for the financial period	(211,488)	(10,441)
Net proceeds of repayment of share premium	1,143	(42,445)
Net reduction in shareholders' funds	(210,345)	(52,886)
Opening shareholders' funds	251,389	304,275
Closing shareholders' funds	41,044	251,389

### 10 ULTIMATE PARENT UNDERTAKING

The majority shareholder is Tesco Holdings BV, a company registered in the Netherlands. Delamare EP, an English partnership also has an interest in the company.

The ultimate parent undertaking and controlling party is Tesco PLC, 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.

### 11. 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.

### 12. POST BALANCE SHEET EVENT

A number of changes to the United Kingdom Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the Balance Sheet date and, therefore, are not included in these financial statements. This non-adjusting post Balance Sheet event has no material impact on the financial statements.