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STATUSFLOAT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2004



STATUSFLOAT LIMITED

DIRECTORS' REPORT

The company was incorporated on 11 February 2003. The directors present their report and audited financial statements for the period ended 28 February 2004.

Principal activity

The company acts as an investment holding company.

Results and dividends

The company made a loss after tax for the year of £(209,267,000). An interim dividend of £250,000,000 was paid during the period. The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year were:

Instant Companies Ltd	(appointed 11 February 2003)	(resigned 11 February 2003)
J A Bailey	(appointed 11 February 2003)	(resigned 30 May 2003)
M J Field	(appointed 30 May 2003)	

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

For the directors who were not also directors of the ultimate parent company, their interests in the shares of Tesco PLC at the beginning (or on appointment, if later) and end of the period (or at resignation if earlier) are given below:

	Ordinary shares		2004	Share Options *		On appointment
	2004	On appointment		Granted	Exercised	
M J Field	40,837	35,747	105,830	1,625	(4,963)	109,168

	Ordinary shares		At resignation	Share options*		On appointment
	At resignation	On appointment		Granted	Exercised	
J A Bailey	50,245	38,795	170,875	45,750	-	125,125

- 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.

After the end of the financial year, M J Field resigned and J Lloyd was appointed as a director.

STATUSFLOAT LIMITED

DIRECTORS' REPORT (continued)

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 period.

The directors consider that in preparing the financial statements on pages 4 to 8 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

PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board on 27 July 2005



J Lloyd
Director

Statusfloat Limited
Registered Number 04661717



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STATUSFLOAT LIMITED

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 which comprise the profit and loss account, the balance sheet, and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members 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 in to 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 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 the 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. The other information comprises only the directors' report.

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 28 February 2004 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

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

29 July 2005

STATUSFLOAT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 28 FEBRUARY 2004

	Note	Period ended 28 February 2004 £'000
Income from shares in group undertakings		250,000
Provision against cost of investment	5	(459,267)
Loss on ordinary activities before taxation	2	(209,267)
Tax on loss on ordinary activities	3	-
Loss on ordinary activities after taxation		(209,267)
Dividends	4	(250,000)
Retained Loss for the period	8	(459,267)

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

The notes on pages 6 to 8 form part of these financial statements.

STATUSFLOAT LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2004

	Note	2004 £'000
FIXED ASSETS		
Investments	5	97,076
CREDITORS: amounts falling due within one year	6	(536,343)
NET CURRENT ASSETS		(439,267)
NET ASSETS		(439,267)
SHAREHOLDER'S FUNDS		
Called up share capital	7	20,000
Profit and loss account	8	(459,267)
EQUITY SHAREHOLDER'S FUNDS	9	(439,267)

Approved by the Board on 29 July 2005


J Lloyd
Director

The notes on pages 6 to 8 form part of these financial statements.

STATUSFLOAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2004

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on a going concern basis in accordance with applicable United Kingdom accounting standards, under the historical cost convention, and in accordance with the Companies Act 1985.

In accordance with FRS1 (Revised), 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 such a statement itself.

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

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

The auditors' remuneration was borne by another group company and the company had no employees during the period.

Directors received no emoluments for their services to the company.

3 TAXATION

	Period ended 28 February 2004 £'000
(a) Analysis of charge in period	
Current Tax	-
UK Corporation tax at 30%	-
<hr/> Tax on profit on ordinary activities	<hr/> -
(b) Factors affecting the tax charge for the period	
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:	
	Period ended 28 February 2004 £'000
Loss on ordinary activities before tax	(209,267)
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Loss on ordinary activities multiplied by standard rate of corporation tax of 30.0%	(62,780)
Effects of:	
Items not deductible for tax purposes	137,780
Income not chargeable to UK Corporation tax	(75,000)
<hr/> Current tax charge for the period	<hr/> -

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2004 (continued)

4 DIVIDENDS

	Period ended 28 February 2004 £'000
Interim dividend paid	250,000

5 INVESTMENTS

	Shares in group undertakings £'000
At beginning of period	-
Additions	556,343
Provision against carrying value	(459,267)
At 28 February 2004	97,076

On 20 February 2003 the company acquired 100% of Dillons Stores Limited, which is registered and operating in the UK, for consideration of £20,000,000. Its principal activity is the operation of convenience stores.

On 20 February 2003 the company also acquired 100% of Dillons Newsagents Limited, which is registered and operating in the UK, for consideration of £536,343,585. Its principal activity is the operation of convenience stores.

A provision against the Dillons Newsagents Limited's carrying value of £(459,267,000) was made during the period which leaves the carrying value of the investment as £77,076,585.

6 CREDITORS: amounts falling due within one year

	2004 £'000
Amounts owed to group undertakings	536,343

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

7 CALLED-UP SHARE CAPITAL

	2004 £
Authorised	
20,000,000 ordinary shares of £1.00 each	20,000,000
Allotted, issued and fully paid up:	
20,000,000 ordinary shares of £1.00 each	20,000,000

STATUSFLOAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2004 (continued)

8 RESERVES

	Profit & loss account £'000
On incorporation	-
Loss for the period	(209,267)
Dividends	(250,000)
Retained profit at 28 February 2004	(459,267)

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2004 £'000
Shareholder's funds on incorporation	-
Issue of share capital	20,000
Retained profit for the financial period	(459,267)
Closing shareholder's funds	(439,267)

10 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Spen Hill Properties (Holdings) PLC, its immediate parent.

Its ultimate parent company 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.

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

On 21 August 2004, the company disposed of its subsidiary Dillons Stores Limited to Forbouys Ltd. trading as TM Retail.

13 FINANCIAL SUPPORT

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