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**TESCO PROPERTY (NOMINEES) (NO 1) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 26 FEBRUARY 2005**



## **DIRECTORS' REPORT**

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

### **Principal activity**

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

### **Review of the business and future developments**

The business performed in line with expectations during the period. The directors envisage that it will continue to perform satisfactorily.

### **Results and dividends**

There was no profit for the period. The directors do not recommend a dividend.

### **Directors and their interests**

The directors who served during the period were:

SFM Directors (No2) Limited	Appointed: 28/10/2003	
SFM Directors Limited	Appointed: 28/10/2003	
Nadine Amanda Sankar	Appointed: 17/11/2003	Resigned: 30/03/2004
Rowley Stuart Ager	Appointed: 17/11/2003	Resigned: 15/03/2004
Martin John Field	Appointed: 17/11/2003	Resigned: 30/03/2004
Andrew Thomas Higginson	Appointed: 17/11/2003	Resigned: 30/03/2004
Nicholas Claud Maurant	Appointed: 24/11/2003	Resigned: 30/03/2004

### **Company Secretary**

SFM Corporate Services Limited served as company secretary during the period.

None of the directors had any disclosable beneficial interests in the company.

### **Directors' responsibilities**

*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 and its subsidiaries 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 7 the company have 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.

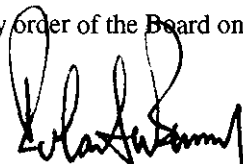
The directors have responsibility for ensuring that the company and the group keep accounting records which disclose with reasonable accuracy the financial position of the company and group which enable them to ensure that the financial statements comply with the Companies Act 1985.

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

### **Auditors**

*PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy arising on incorporation and a resolution concerning their reappointment will be proposed at the Annual General Meeting.*

By order of the Board on 24 August, 2005



SFM Directors Limited, as Director  
Tesco Property (Nominees) (No 1) Ltd  
Registered number 4966637

**Independent auditors' report to the members of Tesco Property (Nominees) (No1) Ltd**

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 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 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.

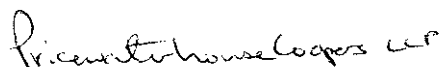
**Basis of audit opinion**

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 26 February 2005 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
St. Albans  
24 August 2005

TESCO PROPERTY (NOMINEES) (NO 1) LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 26 FEBRUARY 2005**

	Note	2005 £
Rental income		-
<b>GROSS PROFIT</b>		-
Administrative expenses		-
<b>OPERATING PROFIT</b>	2	-
Net interest payable		-
<b>PROFIT ON ORDINARY ACTIVITIES</b>		-
Dividends: ordinary dividends on equity shares		-
<b>RETAINED PROFIT FOR THE PERIOD</b>		-

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

Turnover and results are derived from continuing operations in the United Kingdom.

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

TESCO PROPERTY (NOMINEES) (NO 1) LIMITED

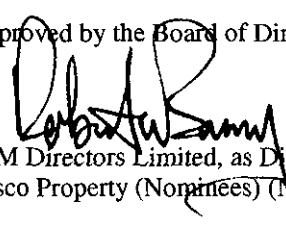
**BALANCE SHEET AS AT 26 FEBRUARY 2005**

	Note	2005 £
CURRENT ASSETS		
Debtors	4	1
NET CURRENT ASSETS		1
TOTAL ASSETS LESS CURRENT LIABILITIES		1
NET ASSETS		1
CAPITAL AND RESERVES		
Called up share capital	5	1
EQUITY SHAREHOLDERS FUNDS	6	1

Approved by the Board of Directors

*24 August*

2005

  
SFM Directors Limited, as Director  
Tesco Property (Nominees) (No 1) Ltd

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 FEBRUARY 2005**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

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

The company is exempt from requirement to prepare group financial statements as it is a wholly owned subsidiary and is included within the consolidated financial statements of Tesco Property Partnership (GP) Limited and as such these financial statements present financial information about the company as an individual undertaking.

**2. OPERATING PROFIT**

The directors received no emoluments in respect of their services to the company.

There were no employees of the company during the period.

Auditors' remuneration for the period has been borne by another company.

**3. TAXATION**

There is no corporation tax.

**4. DEBTORS**

	2005 £
Amount owed by parent undertaking	1
	<hr/> 1

**5. CALLED UP SHARE CAPITAL**

	2005 £
Authorised, called up, unpaid:	
1 ordinary share of £1	1
	<hr/> 1

The £1 is reflected in the debtor figure.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 FEBRUARY 2005 (CONTINUED)**

**6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE PERIOD ENDED 26 FEBRUARY 2005**

	2005 £
On incorporation	-
Issue of ordinary share capital	1
Profit for the period	-
Closing shareholders' funds	1

**7. ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Tesco Property (Nominees) Limited, incorporated in Great Britain and registered in England and Wales

The ultimate parent company is Tesco Property Partnership (GP) Limited, which is incorporated in Great Britain and registered in England and Wales, Tesco Property Partnership (GP) Limited, is a joint venture owned by Tesco PLC and the Topland group. This is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The Registered office of Tesco Property Partnership (GP) Limited is Tesco House, 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 Property Partner (GP) Limited, in which the company is included, are available at the address above.



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**TESCO PROPERTY (NOMINEES) (No. 1) LIMITED**  
35 Great St. Helen's, London EC3A 6AP  
Registered in England and Wales. Company No. 4966637

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24 August 2005

To PricewaterhouseCoopers LLP  
10 Bricket Road  
St. Albans  
AL1 3JX

*This representation letter is provided in connection with your audit of the financial statements of Tesco Property (Nominees) (No.1) Limited for the period ended 26 February 2005 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of the company as at 26 February 2005 in accordance with the Companies Act 1985.*

We acknowledge as directors our responsibilities under the Companies Act 1985 for preparing financial statements which give a true and fair view and for making accurate representations to you.

We confirm that the following representations are made on the basis of enquiries of management and staff of the company with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, to the best of our knowledge and belief and having made the appropriate enquiries, the following representations:

**Accounting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors', shareholders' and relevant management meetings, have been made available to you and no such information has been withheld.

**Accounting policies**

We confirm that we have reviewed the company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the company's particular circumstances, as required by FRS 18.

**Related parties**

We confirm that the ultimate controlling parties of the company are Tesco PLC and Topland Group Holdings Limited, that we have disclosed all related party transactions relevant to the company and that we are not aware of any other such matters required to be disclosed in the financial statements whether under FRS 8 or other requirements, for example, the Companies Act 1985.

**Contractual arrangements/agreements**

All contractual arrangements entered into by the company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

There are no other agreements not in the ordinary course of business.

**Laws and regulations**

We are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the company's ability to conduct its business or that could have a material effect on the financial statements.

We are not aware of any irregularities, or allegations of irregularities, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

**Fraud**

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud.

We have disclosed to you:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
- ii) our knowledge of fraud or suspected fraud affecting the company involving:
  - Management
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements;
- iii) our knowledge of any allegations of fraud, or suspected fraud, affecting the company's financial statements communicated by employees, former employees, analysts, regulators or others.

**Misstatements detected during the audit**

We confirm that there were no misstatements that you have brought to our attention that have not been adjusted in the financial statements.

**Taxation**

We confirm that we have complied with the requirements of United Kingdom Corporation Tax Self Assessment particularly as regards the following:

**(a) Transfer pricing**

Where transactions<sup>1</sup> have taken place with related parties on terms which are other than at arms length, we confirm that steps have been taken to quantify and account for the United Kingdom<sup>2</sup> tax consequences.

**(b) Controlled Foreign Companies**

Details of all companies not incorporated in and managed and controlled outside the United Kingdom have been made available to you. Tax has been provided on all profits of such companies not exempt from taxation under the Controlled Foreign Companies legislation and in quantifying those profits, full regard has been had to transfer pricing (see paragraph (a) above).

**Subsequent events**

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

**Assets and liabilities**

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

In our opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

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<sup>1</sup> Transactions may include those not recorded in the accounting records such as the free use of company property tangible or intangible.

<sup>2</sup> Most transactions between related parties which are companies incorporated in the United Kingdom will be outside the scope of a UK transfer pricing adjustment.

We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

The Company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

#### **Disclosures**

The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

- Related party transactions and related amounts receivable and payable.

There are no

- Losses arising from sale and purchase commitments.
- Agreements and options to buy back assets previously sold.
- Assets pledged as collateral.

We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.

*We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.*

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties, including oral guarantees made by the company on behalf of an affiliate, director, officer or any other third party.

#### **Provisions**

Provisions for depreciation and diminution in value including obsolescence have been made against fixed assets on the bases and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the company's business. In this respect we are satisfied that the probable useful lives have been realistically estimated.

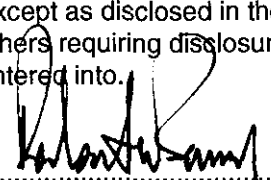
Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments and contingencies where the items are expected to result in significant loss. Other such items, where in our opinion provision is unnecessary have been appropriately disclosed in the financial statements.

#### **Litigation**

We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations which may result in significant loss to the company.

#### **Transactions with directors/officers**

Except as disclosed in the financial statements, no other transactions involving directors, officers and others requiring disclosure in the financial statements under the Companies Act 1985 have been entered into.

  
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Per pro SFM Directors, as Director  
of Tesco Property (Nominees) (No.1) Limited

24 August 2005