

**BUTTONCABLE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 24 FEBRUARY 2007**

Registered number: 5294246



# **BUTTONCABLE LIMITED**

## **DIRECTORS' REPORT**

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

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

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

The principal activity of the company is to act as a finance company to finance overseas operations

The results for the period show a pre-tax profit of £2,183,000 (2006 £nil), with interest received of £1,461,000 (2006 £nil) The directors do not recommend the payment of a dividend (2006 £nil)

The company has net assets of £49,798,000 (2006 £1)

#### **Future outlook**

The company's level of trade is expected to continue throughout 2007 and the current performance levels should be maintained

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

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC 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 nil)

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

The following directors served during the period

A T Higginson  
J Lloyd  
L Neville-Rolfe

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

A T Higginson and L Neville-Rolfe are also directors of Tesco PLC, the company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company

## **BUTTONCABLE LIMITED**

### **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 Annual 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 14<sup>th</sup> November 2007



J Lloyd  
Director  
Buttoncable Limited  
Registered Number 5294246

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUTTONCABLE LIMITED

PricewaterhouseCoopers LLP  
10 Buckle Road  
St Albans AL1 3JX  
Telephone +44 (0) 1727  
844155  
Facsimile +44 (0) 1727 845039

We have audited the financial statements of Buttoncable Limited 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 profit 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

15<sup>th</sup> November

2007

## BUTTONCABLE LIMITED

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

Continuing operations	Note	2007 £'000	2006 £'000
Interest receivable	3	1,461	-
Interest payable	4	(1,526)	-
Net foreign exchange gain		2,248	-
<b>Profit on ordinary activities before taxation</b>	2	2,183	-
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial period</b>	10	2,183	-

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

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

The notes on pages 6 to 9 form part of these financial statements

# BUTTONCABLE LIMITED

## BALANCE SHEET AS AT 24 FEBRUARY 2007

	Note	2007 £'000	2006 £'000 Restated*
<b>Non-current assets</b>			
Investments	6	47,615	-
<b>Current assets</b>			
Debtors – due within one year	7	31,713	-
<b>Creditors – Amounts falling due within one year</b>	8	(29,530)	-
<b>Net current assets</b>		2,183	-
<b>Net assets</b>		49,798	-
<b>Capital and reserves</b>			
Called up share capital	9	4	-
Share premium account	10	47,611	-
Profit and loss reserve	10	2,183	-
<b>Total shareholder's funds</b>	11	49,798	-

\* The 2006 numbers have been restated to reflect an amendment made to the share capital and debtors

The notes on pages 6 to 9 form part of these financial statements

The financial statements on pages 4 to 9 were approved by the board of directors on 14<sup>th</sup> November 2007 and were signed on its behalf by



J Lloyd  
Director

# **BUTTONCABLE LIMITED**

## **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

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 228 of the Companies Act 1985, group financial statements have not been prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in England and Wales

#### **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

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

During the period, the company adopted the 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

#### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the prices prevailing on the Balance Sheet date. All differences are taken to the profit and loss account for the period

#### **Taxation**

The amount included in the Profit and Loss account is based on profit on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities

#### **Group Relief on taxation**

The company will receive group relief from group companies without payment and consequently there is no tax charge in the Profit and Loss account

### **2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

The Company had no employees during the period (2006 nil)

The auditor's remuneration was borne by another group company

## BUTTONCABLE LIMITED

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

#### 3 INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Interest receivable on group loans	1,461	-

#### 4 INTEREST PAYABLE

	2007 £'000	2006 £'000
Interest payable on group loans	1,526	-

#### 5 TAXATION

	2007 £'000	2006 £'000
<b>Current tax:</b>		
UK Corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

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>Profit on ordinary activities before tax</b>	2,183	-
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	655	-
Effects of		
Group relief claimed without payment	(655)	-
Current tax charge for the period	-	-

#### 6 FIXED ASSETS INVESTMENTS

	£'000
As at 25 February 2006	-
Acquisitions at cost	47,615
As at 24 February 2007	47,615

During the period, the company acquired the entire share capital of Tesco Stores Holdings Inc at a cost of £47,615,000 Details of the investment are shown below

Investments	Country	% Owned	Nature of business
Tesco Stores Holdings Inc	USA	100%	Investment Company

**BUTTONCABLE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24  
FEBRUARY 2007 (Continued)****7 DEBTORS**

	2007 £'000	2006 £'000 Restated*
Amounts owed by group undertakings	31,713	-

\* The 2006 numbers have been restated to reflect an amendment in the debtors

Amounts owed by group undertakings are unsecured and are repayable on demand

**8 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £'000	2006 £'000
Amounts due to group undertakings	29,530	-

Amounts due to group undertakings are unsecured and are repayable on demand

**9 CALLED UP SHARE CAPITAL**

	2007 £	2006 £ Restated*
Authorised		
100,000 (2006 1,001) ordinary shares of £1 each	100,000	1,001
Allotted, called up and fully paid		
4,251 (2006 1) ordinary shares of £1 each	4,251	1

\* The 2006 numbers have been restated to reflect an amendment made to the share capital

On 28 March 2006, 22 May 2006, 28 June and 18 July 2006, the company issued a further 1,000, 2,500, 250 and 500 shares respectively with a par value of £1 and at a cost of US\$20,000 per share

On 28 June 2007, the company issued a further 1,250 shares to Tesco PLC for a consideration of US\$20,000 per share

**10 RESERVES**

	Share Premium £'000	Profit and loss reserve £'000
25 February 2006	-	-
Profit for the period	-	2,183
Premium on ordinary shares issued	47,611	-
24 February 2007	47,611	2,183

## BUTTONCABLE LIMITED

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

#### 11 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2007 £'000	2006 £'000
Profit for the financial period	2,183	-
Net proceeds of issue of ordinary share capital	47,615	-
Net addition to shareholder's funds	49,798	-
Opening shareholder's funds	-	-
Closing shareholder's funds	49,798	-

#### 12 ULTIMATE PARENT UNDERTAKING

The immediate and 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 Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

#### 13 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 accounts of Tesco PLC, in which the company is included, are available at the address noted above.

#### 14 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.