

BUTTONCABLE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008

Registered Number: 5294246



BUTTONCABLE LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 23 February 2008

The directors present their report and audited financial statements of Buttoncable Limited (the "company") for the 52 weeks ended 23 February 2008.

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 52 weeks show a pre-tax profit of £1,024,000 (2007: £2,183,000) with interest received of £783,000m (2007: £1,461,000). The directors do not recommend the payment of a dividend (2007: £nil).

The company has net assets of £126,700,000 (2007: £49,799,000).

Future outlook

The company's level of trade is expected to continue throughout 2008 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 Tesco PLC and are not managed separately. These risks are discussed on page 15 of the Tesco PLC group annual report for the 52 weeks ended 23 February 2008 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 (2007: none).

Directors

The following directors served during the period and up to the date of signing the financial statements.

A Higginson
L Neville-Rolfe
J Lloyd

None of the directors had any disclosable interests in the company during the 52 week period.

BUTTONCABLE LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 23 February 2008 (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; and
- 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.

Statement on 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 audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 386 of the Companies Act 1985 the company has elected to dispense with the obligations to appoint auditors annually in both the next financial period and all subsequent periods.

By order of the Board 5th December 2008.


J Lloyd
Director
Buttoncable Limited
Registered Number 5294246

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUTTONCABLE 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 of Buttoncable Limited for the 52 weeks ended 23 February 2008 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

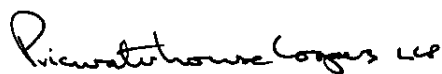
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 23 February 2008 and of its profit for the 52 weeks 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

5th December

2008

BUTTONCABLE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008**

	Notes	2008 £'000	2007 £'000
Interest receivable	3	783	1,461
Interest payable	4	(728)	(1,526)
Net foreign exchange gain		969	2,248
Profit on ordinary activities before taxation		1,024	2,183
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial period	10	1,024	2,183

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

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

All operations are continuing for the financial period.

BUTTONCABLE LIMITED**BALANCE SHEET AS AT 23 FEBRUARY 2008**

	Notes	2008 £'000	2007 £'000 Restated
Fixed assets			
Investments	6	123,492	47,615
Current assets			
Debtors - due within one year	7	4,280	31,714
Creditors – amounts falling due within one year	8	(1,072)	(29,530)
Net current assets		3,208	2,184
Net assets		126,700	49,799
Capital and reserves			
Called up share capital	9	13	5
Share premium account	10	123,480	47,611
Profit and loss reserve	10	3,207	2,183
Total equity shareholder's funds	11	126,700	49,799

The financial statements on pages 5 to 11 were approved by the board of directors on 5th December 2008 and were signed on its behalf by:



J Lloyd
Director
Buttoncable Limited
Registered Number 5294246

BUTTONCABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008

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. The company's principal accounting policies have been applied consistently during the period and are set out below.

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 Tesco PLC, incorporated in England and Wales.

Cash flow statement

The company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

Prior period adjustment

The prior year numbers have been restated to reflect the correct issued share capital. On 31 December 2004, the company issued 1,000 shares to Tesco PLC. This has increased the net assets by £1,000. This was not previously recorded in the financial statements.

Fixed asset investments

Investments in subsidiaries and joint ventures are stated at cost less, where appropriate, provisions for impairment.

Foreign currencies

Transactions in foreign currencies are translated into pounds sterling 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 into pounds sterling at the exchange rates prevailing at the Balance Sheet date. All foreign exchange 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 the profit or loss 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.

BUTTONCABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008 (Continued)

2. OPERATING PROFIT

The directors received no emoluments for their services to the company (2007: £nil).

The company had no employees during the period (2007: none).

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

3. INTEREST RECEIVABLE

	2008	2007
	£'000	£'000
Interest receivable on loans to group undertakings	783	1,461

4. INTEREST PAYABLE

	2008	2007
	£'000	£'000
Interest payable on loans from group undertakings	728	1,526

BUTTONCABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008 (Continued)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower (2007: lower) than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	1,024	2,183
Profit on ordinary activities multiplied by standard rate in the UK 30% (2007: 30%)	307	655
Effects of:		
Group relief claimed without payment	(307)	(655)
Current tax charge for the financial period	-	-

Factors that may affect future tax charges:

The standard rate of Corporation Tax in the UK changes to 28% with effect from the 1 April 2008.

6. INVESTMENTS

Cost	£'000
At 24 February 2007	47,615
Additions	75,877
At 23 February 2008	123,492

The directors believe that the carrying value of the investments is supported by their underlying net assets.

During the period the company made capital contributions of USD155m to Tesco Stores Holdings Inc.

Details of the principal subsidiary undertaking at the period end is as follows:

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
Tesco Stores Holdings Inc	USA	100%	Investment company

BUTTONCABLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23
FEBRUARY 2008 (Continued)****7. DEBTORS – DUE WITHIN ONE YEAR**

	2008 £'000	2007 £'000 Restated
Amounts owed by group undertakings	4,280	31,714

Up to 28 July 2007 amounts owed by group undertakings accrued interest at LIBOR plus 1%. At 28 July 2007 the loan was repaid. The remaining balances are unsecured, interest free and having no fixed date of repayment.

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Amounts due to group undertakings	1,072	29,530

Up to 28 July 2007 amounts owed to group undertakings accrued interest at LIBOR plus 1%. At 28 July 2007 the loan was repaid. The remaining balances are unsecured, interest free and having no fixed date of repayment.

9. CALLED UP SHARE CAPITAL

	2008 £	2007 £ Restated
Authorised:		
100,000 (2007: 100,000) ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid:		
12,001 (2007: 5,251) ordinary shares of £1 each	13,001	5,251

On 15 June 2007, 10 September 2007, 18 October 2007 and 16 November 2007, the company issued a further 1,250, 2,500, 2,000 and 2,000 shares respectively, with a par value of £1 and at a cost of USD20,000 per share.

10. RESERVES

	Share premium £'000	Profit and loss reserve £'000
As at 24 February 2007	47,611	2,183
Profit for the financial period	-	1,024
Premium on ordinary shares issued	75,869	-
As at 23 February 2008	123,480	3,207

BUTTONCABLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2008 (Continued)

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2008	2007
	£'000	£'000
		Restated
Profit for the financial period	1,024	2,183
Net proceeds of issue of ordinary share capital	75,877	47,615
Net additions to shareholder's funds	76,901	49,798
Opening shareholder's funds	49,799	1
Closing shareholder's funds	126,700	49,799

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent company, and controlling party, 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 paragraph 3(c) of 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.

14. POST BALANCE SHEET EVENT

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the next financial year.