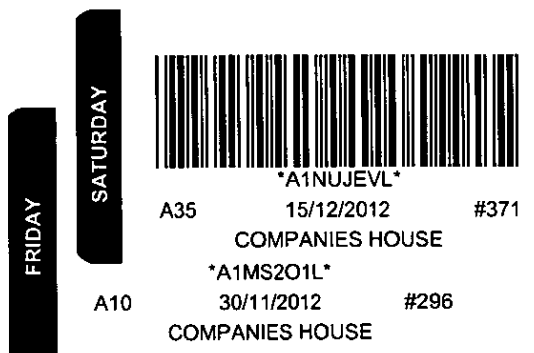


TESCO INTERNATIONAL INTERNET RETAILING  
LIMITED (FORMERLY CADENA CAFES LIMITED)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

Registered Number: 41420





**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012**

The Directors present their Report and the audited financial statements of Tesco International Internet Retailing Limited (formerly Cadena Cafes Limited, date of name change 14 September 2011) (the "Company") for the 52 weeks ended 25 February 2012 (Prior period 52 weeks ended 26 February 2011)

**Business review and principal activities**

The principal activity of the Company is international internet retailing. The Company started trading again during the period and the Directors do not expect this to change significantly throughout the next financial period.

**Results and dividends**

The results for the period show a pre-tax profit of £109,000 (2011 £nil) and sales of £288,000 (2011 £nil).

The Directors do not recommend payment of a dividend for the 52 weeks ended 25 February 2012 (2011 £nil).

The retained profit for the 52 weeks ended 25 February 2012 amounted to £109,000 (2011 £nil).

**Principal risks and uncertainties**

The Company is susceptible to economic downturns in the countries where it carries out its business activities.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 40 to 47 of the Tesco PLC Group Annual Report for the 52 weeks ending 25 February 2012, which does not form part of this Report.

**Charitable and political contributions**

There were no charitable or political donations for the period (2011 none).

**Future outlook**

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on pages 10 to 23 of the Group's Annual Report for the 52 weeks ended 25 February 2012, which does not form part of this Report.

**Key performance indicators (KPIs)**

The development, performance and position of the UK operations of the Group, which includes the Company, is discussed on pages 29 to 32 of the Group's Annual Report which does not form part of this Report.

**Research and development**

The Company does not undertake any research and development activities.



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012**

**Supplier payment policy**

The Company does not have any direct supplier relationships. Any relationships with suppliers are handled through Tesco PLC. The Group policy and practice in relation to its suppliers is disclosed in Tesco PLC's Annual Report.

The Company's ultimate parent company, Tesco PLC, is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk). Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its Balance Sheet.

**Employees**

The Company had no employees during the period (2011: none).

**Directors and their interests**

The following Directors served during the period and up to the date of signing the financial statements:

N Ashworth - (appointed 5 October 2011)  
J Easterbrook - (appointed 5 October 2011)  
A Higginson - (resigned 5 October 2011)  
J Lloyd - (resigned 5 October 2011)  
L Neville-Rolfe  
J Tarry - (appointed 5 October 2011)  
K Towle - (appointed 5 October 2011)

Save as set out below, none of the Directors had any disclosable interests in the Company during this period.

A Higginson and L Neville-Rolfe are also Directors or former 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.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC Directors listed above and the Tesco PLC Company Secretary (who is also a Director of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial period.

**Cautionary statement regarding forward-looking information**

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012**

**Statement of Directors' responsibilities**

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

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. 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). Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they 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 accounting 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.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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 2006. 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 of the Company 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
- he/she 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**

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

21 November

2012



Director **J. EASTERBROOK**

Tesco International Internet Retailing Limited

Registered Number 41420

Registered Office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO INTERNATIONAL INTERNET RETAILING LIMITED**

We have audited the financial statements of Tesco International Internet Retailing Limited for the 52 weeks ended 25 February 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 25 February 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Beer (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

23/11/2012



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012**

	Notes	<b>52 weeks to 25 February 2012 £'000</b>	<b>52 weeks to 26 February 2011 £'000</b>
Sales at net selling prices		318	-
Value added tax		(30)	-
<b>Turnover excluding value added tax</b>		<b>288</b>	<b>-</b>
Cost of sales		(179)	-
<b>Gross profit</b>		<b>109</b>	<b>-</b>
<b>Operating profit</b>		<b>109</b>	<b>-</b>
<b>Profit on ordinary activities before taxation</b>		<b>109</b>	<b>-</b>
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial period</b>	6/7	<b>109</b>	<b>-</b>

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

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

All operations are continuing for the financial period

The notes on pages 8 to 10 form part of these financial statements




**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**BALANCE SHEET AS AT 25 FEBRUARY 2012**

		<b>25 February 2012 £'000</b>	<b>26 February 2011 £'000</b>
	Notes		
<b>Current assets</b>			
Debtors – amounts falling due within one year	4	847	738
<b>Net current assets</b>		847	738
<b>Total assets less current liabilities</b>		847	738
<b>Net assets</b>		847	738
<b>Capital and reserves</b>			
Called up share capital	5	738	789
Profit and loss account	6/7	109	(51)
<b>Total equity shareholder's funds</b>	7	847	738

The financial statements on pages 6 to 10 were approved by the board of Directors on 21/11/2012 and were signed on its behalf by

  
 Director **J EASTERBROOK**  
 Tesco International Internet Retailing Limited  
 Registered Number 41420



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25  
FEBRUARY 2012**

**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 2006. The Company's principal accounting policies have been applied consistently during the period except for the amendment set out below.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, 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 "Cash Flow Statements".

**Turnover**

Turnover consists of sales through internet websites carried out by Tesco Stores Limited on behalf of Tesco International Internet Retailing Limited. Turnover is reported net of returns, vouchers and value added taxes. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

**Cost of sales**

Cost of sales consist of goods purchased from Tesco Stores Limited at book price.

**Stocks**

The Company buys (from Tesco Stores Limited) and sells (to third parties) goods at the same time therefore it does not own any stocks at year end.

**Current 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 or surrender Group relief from Group companies without payment and consequently there may be no tax charge in the Profit and Loss account.

**2. OPERATING PROFIT**

The Directors received no emoluments for their services to the Company (2011 £nil).

The Company had no employees during the period (2011 none).

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



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED  
(FORMERLY CADENA CAFES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25  
FEBRUARY 2012 (continued)**

**3. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Factors that have affected the tax charge**

The standard rate of Corporation Tax in the UK is 26.0%

The tax assessed for the period is lower (2011 the same) than the standard rate of corporation tax in the UK of 26.0% (2011 28%). The differences are explained below

	<b>52 weeks to 25 Feb 2012 £'000</b>	<b>52 weeks to 26 Feb 2011 £'000</b>
Profit on ordinary activities before tax	<b>109</b>	-
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 26.0% (2011 28%)	<b>28</b>	-
Effects of		
Group relief received without payment	<b>(28)</b>	-
<b>Current tax charge/(credit) for the financial period</b>	<b>-</b>	<b>-</b>

**4. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012 £'000</b>	<b>2011 £'000</b>
Amounts owed by Group undertakings	<b>847</b>	738
	<b>847</b>	738

Included within amounts owed by Group undertakings are amounts that are unsecured, interest free, have no fixed date of repayment and are repayable on demand



**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**  
**FORMERLY CADENA CAFES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25**  
**FEBRUARY 2012 (continued)**

**5. CALLED UP SHARE CAPITAL**

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
738,378 Ordinary shares of £1 each (2011 789,213)	738	789

**6. RESERVES**

	Profit and loss reserve £'000
As at 26 February 2011	(51)
Share capital transferred to Profit and Loss Account	51
Profit for the financial period	109
As at 25 February 2012	109

**7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 25 FEBRUARY 2012**

	2012 £'000	2011 £'000
Profit for the financial period	109	-
<b>Retained profit for the financial period</b>	<b>109</b>	-
Net addition to the Profit and Loss Account	51	
Net reduction of ordinary share capital	(51)	-
<b>Net additions to shareholder's funds</b>	<b>109</b>	-
Opening shareholder's funds	738	738
<b>Closing shareholder's funds</b>	<b>847</b>	<b>738</b>

**8. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate and ultimate parent undertaking and controlling party is Tesco PLC, which 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

**9 RELATED PARTY TRANSACTIONS**

Transactions with other subsidiary companies within the Group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, are available at the address noted in note 8