



**T&S MANAGEMENT SERVICES LIMITED
(REGISTERED NUMBER 02414002)**

ANNUAL REPORT AND ACCOUNTS

53 weeks ended 6 January 2003



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T&S MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 6 JANUARY 2003

The directors present their annual report together with the audited accounts of the Company for the 53 weeks ended 6 January 2003.

PRINCIPAL ACTIVITIES

Until 1 January 2000 the Company operated as the Group's management services company providing staff for T & S Stores plc (now T&S Stores 2003 Limited) and its subsidiary operating companies. On cessation of this activity T&S Management Services Limited employees' contracts of employment were transferred to the respective companies employing them and since then T&S Management Services Limited has remained inactive.

RESULTS AND DIVIDENDS

The company did not trade during the period and hence made neither a profit nor a loss (2001 - £Nil). The directors do not recommend the payment of any dividend.

POST BALANCE SHEET EVENTS

The directors have considered the impact on the financial statements of the transfers of trade and assets (see note 9) and confirm no adjustment to the value of assets or liabilities at the 6 January 2003 is necessary.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period and at the date of this report were as follows:

KP Threlfall (resigned 6 January 2003)
D Moore (resigned 6 January 2003)
C Holmes (appointed 6 January 2003)
R Agar (appointed 6 January 2003)
A Higginson (appointed 6 January 2003)

None of the directors had any beneficial interests in any shares of the Company during the period. The interests of Mr Threlfall, Mr Moore, Mr Holmes, Mr Agar and Mr Higginson, in the shares of T&S Stores 2003 Limited (formerly T&S Stores plc) are shown in those consolidated accounts.

T&S MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 6 JANUARY 2003 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each period which 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 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.

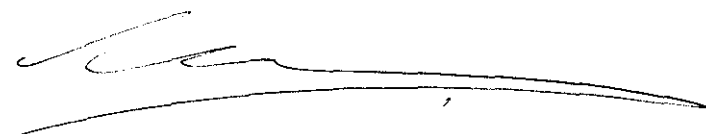
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Following the conversion of the auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 1 April 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



C HOLMES

17 October 2003

T&S MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF T & S MANAGEMENT SERVICES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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 as at 6 January 2003 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

Birmingham

17 October 2003

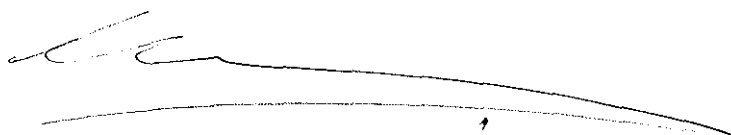
T&S MANAGEMENT SERVICES LIMITED

BALANCE SHEET AS AT 6 JANUARY 2003

| | <u>Notes</u> | 6 January 2003 £ | 29 December 2001 £ |
|---|--------------|---------------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Debtors | 2 | 73,796,035 | 73,796,035 |
| Creditors (amounts falling due within one year) | 3 | (73,400,004) | (73,400,004) |
| | | <hr/> | <hr/> |
| NET ASSETS | | 396,031 | 396,031 |
| | | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 2 | 2 |
| Profit and loss account | 5 | 396,029 | 396,029 |
| | | <hr/> | <hr/> |
| EQUITY SHAREHOLDERS' FUNDS | 6 | 396,031 | 396,031 |
| | | <hr/> | <hr/> |

The company did not trade during the period and hence made neither a profit nor a loss. There were no other recognised gains or losses, nor were there any other movements in shareholders' funds.

The financial statements on pages 4 to 6 were approved by the Board of Directors on 17 October 2003 and are signed on its behalf by:



C HOLMES
DIRECTOR

T&S MANAGEMENT SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE 53 WEEKS ENDED 6 JANUARY 2003

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements have been drawn up for the 53 weeks ended 6 January 2003 and are prepared under the historical cost convention and in accordance with applicable Accounting Standards. The comparatives are for the 52 weeks ended 29 December 2001. During the period, FRS 19 Deferred taxation has been adopted by the company. This has had no impact on the results for the period or on amounts disclosed in previous periods.

(2) Cash flow statement

The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (revised) is included in the accounts of its intermediate parent undertaking T&S Stores 2003 Limited (previously T&S Stores plc).

2 DEBTORS

| | <u>6 January</u> <u>2003</u> £ | <u>29 December</u> <u>2001</u> £ |
|------------------------------------|--------------------------------------|--|
| Amounts owed by group undertakings | 73,796,035 | 73,796,035 |
| | <u>73,796,035</u> | <u>73,796,035</u> |

Amounts due from group undertakings are unsecured, interest free and have no fixed repayment date.

3 CREDITORS

| | <u>6 January</u> <u>2003</u> £ | <u>29 December</u> <u>2001</u> £ |
|------------------------------------|--------------------------------------|--|
| Amounts owed to group undertakings | 73,400,004 | 73,400,004 |
| | <u>73,400,004</u> | <u>73,400,004</u> |

Amounts due to group undertakings are secured, interest free and repayable on demand.

4 CALLED UP SHARE CAPITAL

| | <u>6 January</u> <u>2003</u> £ | <u>29 December</u> <u>2001</u> £ |
|--------------------------------------|--------------------------------------|--|
| Authorised : | | |
| Ordinary Shares | 100 | 100 |
| Allotted, called up and fully paid : | | |
| Ordinary Shares | 2 | 2 |

T&S MANAGEMENT SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE 53 WEEKS ENDED 6 JANUARY 2003 (CONTINUED)

5 PROFIT AND LOSS ACCOUNT

| | |
|--|----------------|
| | £ |
| At 6 January 2003 and 29 December 2001 | <u>396,029</u> |

6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds during the period.

7 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Paperchain (East Anglia) Limited, which is registered in England.

The ultimate controlling party and parent undertaking is Tesco plc, a company registered in England. Copies of Group accounts can be obtained from the Company Secretary, Tesco plc, Tesco House, Delamere Road, Cheshunt, Hertfordshire, EN8 9SL. The smallest group to consolidate the financial statements of the company is that of which T&S Stores 2003 Limited (formerly T&S Stores plc) is the parent undertaking.

8 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with members of the Group or associates and joint ventures of other Group members as they are a wholly owned subsidiary.

9 SUBSEQUENT EVENTS

On 21 February 2003 the trade and assets of the companies in the T&S Stores plc group were transferred to Spenhill Properties Limited, Tesco Healthcare Trustee Company Limited and Tesco Employees Settlement Trustee (2001) Limited, fellow subsidiaries of Tesco plc. On 6 May 2003 T&S Stores plc was renamed T&S Stores 2003 Limited and on 20 February 2003 Spenhill Properties Limited, Tesco Healthcare Trustee Company Limited and Tesco Employees Settlement Trustee (2001) Limited were renamed T&S Store Limited, Dillons Stores Limited and Supercigs Stores Limited respectively. On 4 June 2003, T&S Store Limited was renamed T&S Stores Limited. T&S Stores 2003 Limited became a non-trading company with effect from 21 February 2003. The directors have considered the impact on the financial statements of the transfers of trade and assets and confirm no adjustment to the value of assets or liabilities at the 6 January 2003 is necessary.