

TESCO PROPERTY PARTNER (NO 1) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 26 FEBRUARY 2008

Registered Number: 4945945

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# **TESCO PROPERTY PARTNER (NO. 1) LIMITED**

## **DIRECTORS' REPORT**

### **Directors' Report for the year ended 26 February 2008**

The directors present their report and audited financial statements of Tesco Property Partner (No 1) Limited (the "company") for the year ended 26 February 2008

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

The principal activity of the company is to act as a holding company

The results for the year show a pre-tax profit of £nil (2007 £nil) The directors do not recommend the payment of a dividend (2007 £nil)

The company has net assets of £49,255 (2007 £49,255)

### **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 ending 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 year (2007 none)

### **Directors and their interests**

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

J Lloyd  
A T Higginson  
N Mourant

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

# **TESCO PROPERTY PARTNER (NO. 1) LIMITED**

## **Directors' Report for the year ended 26 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

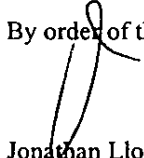
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent 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

12<sup>th</sup> November 2008

  
Jonathan Lloyd  
Director  
Tesco Property Partner (No 1) Limited  
Registered Number 4945945

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO PROPERTY PARTNER (NO. 1) 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 Tesco Property Partner (No. 1) Limited for the year ended 26 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

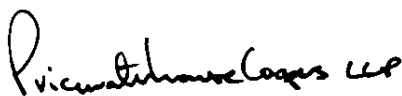
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 26 February 2008 and of its result for the year 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

14th November 2008

# TESCO PROPERTY PARTNER (NO. 1) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 26 FEBRUARY 2008

	Notes	2008 £	2007 £
Other Income		-	-
<b>Profit on ordinary activities before taxation</b>		-	-
Tax on profit on ordinary activities	2	-	-
<b>Profit for the financial period</b>		-	-
Dividends paid		-	-
<b>Retained profit for the financial period</b>		-	-

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

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


# TESCO PROPERTY PARTNER (NO. 1) LIMITED

## BALANCE SHEET AS AT 26 FEBRUARY 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	3	1,000	1,000
<b>Current assets</b>			
Debtors - due after more than one year	4	19,954,151	20,354,151
Cash at bank and in hand		6,893,387	47,255
<b>Net current assets</b>		<b>6,893,387</b>	<b>47,255</b>
<b>Total assets less current liabilities</b>		<b>26,848,538</b>	<b>20,402,406</b>
<b>Creditors – amounts due after more than one year</b>	5	<b>(26,799,283)</b>	<b>(20,353,151)</b>
<b>Net assets</b>		<b>49,255</b>	<b>49,255</b>
<b>Capital and reserves</b>			
Called up share capital	6	2,000	2,000
Profit and loss reserve	7	47,255	47,255
<b>Total Equity shareholder's funds</b>	8	<b>49,255</b>	<b>49,255</b>

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

The financial statements on pages 5 to 10 were approved by the board of directors on 12<sup>th</sup> November 2008 and were signed on its behalf by

  
 Jonathan Lloyd  
 Director  
 Tesco Property Partner (No 1) Limited  
 Registered Number 4945945

## **TESCO PROPERTY PARTNER (NO. 1) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 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 principal accounting policies 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 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.

##### **Fixed asset investments**

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

##### **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.

The company is also subject to tax on the profits of the underlying partnership (The Tesco Property Limited Partnership).

##### **Group relief on taxation**

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

## TESCO PROPERTY PARTNER (NO. 1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2008 (Continued)

#### 1. OPERATING PROFIT

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

The company had no employees during the year (2007 none)

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

#### 2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>Current tax:</b>		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the year is higher (2007 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2008 £	2007 £'
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate in the UK 30% (2007 30%)	-	-
Effects of		
Group relief received without payment	(509,558)	(329,856)
Taxable share of partnership income	509,558	329,856
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 1 April 2008

# TESCO PROPERTY PARTNER (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2008 (Continued)

### 3. INVESTMENTS

	£
<b>Cost</b>	
At 27 February 2007	1,000
Additions	-
Disposals	-
<b>At 26 February 2008</b>	<b>1,000</b>
<b>Provision for impairment charge</b>	
At 27 February 2007	-
Provision for impairment	-
<b>At 26 February 2008</b>	<b>-</b>
<b>Net book value</b>	
<b>At 26 February 2008</b>	<b>1,000</b>
At 27 February 2007	1,000

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

Details of the principal subsidiary undertakings at the year end are as follows

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
The Tesco Property Limited Partnership	England and Wales	49.95%	Property Investment

### 4. DEBTORS - DUE AFTER ONE YEAR

	2008 £	2007 £
Amounts due from group undertakings	19,954,151	20,354,151

Amounts owed by group undertakings are unsecured, interest free and are repayable on 28 February 2029

### 5. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	(26,799,283)	(20,353,151)

Amounts due to group undertakings are unsecured, interest free and are repayable on 28 February 2029

### 6. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid	2008 No.	2008 £	2007 No.	2007 £
Ordinary shares	2,000	2,000	2,000	2,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

## TESCO PROPERTY PARTNER (NO. 1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2008 (Continued)

#### 7. PROFIT AND LOSS RESERVE

	£
As at 27 February 2007	47,255
Profit for the financial period	-
As at 26 February 2008	47,255

#### 8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Retained profit for the financial period	-	-
Opening shareholders' funds	49,255	49,255
Closing shareholders' funds	49,255	49,255

#### 9. ULTIMATE PARENT UNDERTAKING

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.

#### 10. RELATED PARTY TRANSACTIONS

Tesco Property Partner (No. 1) Limited is part of the project breakfast group structure. No transactions impacting the P&L were recorded with any related parties during the financial year. However, loan repayments have been made on amounts owed to Tesco PLC and loan repayments have been received on the amounts owed by The Tesco Property Limited Partnership. The year end balances of these loans are as follows:

Amounts owed to Tesco PLC	£26,799,283
Amounts owed by The Tesco Property Limited Partnership	£19,954,151

The terms and conditions of these balances can be found in notes 4 and 5.

#### 11. 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.