

4945945

TESCO PROPERTY PARTNER (NO. 1) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2004



DIRECTORS' REPORT

The directors present their report and audited financial statements for the period ended 31 October 2004. The company was incorporated on 28 October 2003.

Principal activity

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

Review of the business and future developments

The business performed in line with expectations during the period. The directors envisage that it will continue to perform satisfactorily.

Results and dividends

The company's loss for the period was (£1,576,166). A dividend of £60,611,276 was paid to Tesco PLC in the period.

Directors and their interests

The directors of the company during the period were as follows:

J Lloyd	(appointed 31 May 2005)	
A T Higginson	(appointed 28 October 2003)	
M J Field	(appointed 28 October 2003)	(resigned 31 May 2005)
N Mourant	(appointed 20 November 2003)	

None of the directors had any disclosable beneficial interests in the company.

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 8 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards, which they consider to be applicable, have been followed.

The directors have responsibility for ensuring that the company and the group keep accounting records which disclose with reasonable accuracy the financial position of the company and group which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Auditors

PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy arising on incorporation and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board on 26th August 2005

Director



Tesco Property Partner (No 1) Ltd
Registered Number 4945945

Independent auditors' report to the members of Tesco Property Partnership (No1) Ltd

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 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 at 31 October 2004 and its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St. Albans
26 August 2005

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 OCTOBER 2004

	Note	2004 £
Other operating income		4,342
GROSS PROFIT		4,342
Administrative expenses		(9)
OPERATING PROFIT	2	4,333
Net interest receivable	3	42,922
Distributions from joint venture		60,611,276
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,658,531
Taxation on profit on ordinary activities	4	(1,623,421)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		59,035,110
Dividends: ordinary dividends on equity shares		(60,611,276)
RETAINED LOSS FOR THE PERIOD		(1,576,166)

The company had no recognised gains or losses other than those reflected in the profit and loss account above.

Turnover and results are derived from continuing operations in the United Kingdom

The notes on pages 6 to 8 form part of these financial statements

TESCO PROPERTY PARTNER (NO. 1) LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2004

	Note	2004 £
FIXED ASSETS		
Investments	5	1,000
CURRENT ASSETS		
Debtors	6	21,458,268
Cash at bank		47,255
		21,505,523
CREDITORS (amounts falling due within one year)	7	(1,623,421)
NET CURRENT ASSETS		19,882,102
TOTAL ASSETS LESS CURRENT LIABILITIES		19,883,102
CREDITORS (amounts falling due after more than one year)	8	(21,457,268)
NET LIABILITIES		(1,574,166)
CAPITAL AND RESERVES		
Called up share capital	9	2,000
Profit and loss account	10	(1,576,166)
EQUITY SHAREHOLDERS FUNDS	11	(1,574,166)

Approved by the Board on 26 August 2005

Director



The notes on pages 6 to 8 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER
2004**1. ACCOUNTING POLICIES****Basis of accounting**

These financial statements have been prepared in accordance with the applicable accounting standards in the United Kingdom, under the historical cost convention, and in accordance with the Companies Act 1985.

Interest payable and receivable

Interest payable and receivable is calculated on an accrual basis.

2. OPERATING PROFIT

The directors received no emoluments in respect of their services to the company.

There were no employees of the company during the period.

Auditors' remuneration for the period has been borne by another company.

3. NET INTEREST RECEIVABLE

	2004 £
Interest receivable	48,969
Interest payable and similar charges	(6,047)
	<u>42,922</u>

4. TAXATION

	2004 £
Current Tax	
Corporation tax at 30%	(1,623,421)
Taxation on loss on ordinary activities	(1,623,421)

The company's share of tax of the profit of the underlying partnership (Tesco Property Limited Partnership) is included above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2004 (CONTINUED)

5. FIXED ASSET INVESTMENTS

	Company
	Shares in Group undertakings (a)
	£
At 28 October 2003	-
Additions	1,000
At 31 October 2004	1,000

(a) The company owns the following investment:

Subsidiary	Business	Share of Equity capital	Country of incorporation
The Tesco Property Limited Partnership	Property investment	49.95%	Registered in England

6. DEBTORS

	2004 £
Amount owed by Group undertakings	21,458,268
	21,458,268

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

7. CREDITORS - DUE WITHIN ONE YEAR

	2004 £
Corporation Tax	1,623,421
	1,623,421

8. CREDITORS - DUE AFTER ONE YEAR

	2004 £
Amounts owed to Group undertakings	21,457,268
	21,457,268

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2004 (CONTINUED)

9. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid:	2004 £
2000 Ordinary Shares of £1 each.	2,000
	<u>2,000</u>

10. RESERVES

Profit and Loss Reserves	2004 £
As at 28 October 2003	-
Loss for the period	1,576,166
As at 31 October 2004	<u>1,576,166</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE PERIOD ENDED 31 OCTOBER 2004

	2004 £
On incorporation	-
Issue of ordinary share capital	2,000
Loss for the period	(1,576,166)
Closing shareholders' funds	<u>(1,574,166)</u>

12. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking and the ultimate parent undertaking is Tesco Plc, which is incorporated in Great Britain and registered in England and Wales, and this is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the group 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 financial statements of Tesco PLC, in which the company is included are available at the address above.