

**TESCO RED (NOMINEE 1) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2008**  
**REGISTERED NUMBER: 5888930**



# **TESCO RED (NOMINEE 1) LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and audited financial statements of Tesco Red (Nominee 1) Limited ("the company") for the year ended 29 February 2008

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

The company was incorporated on 27 July 2006

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

The results for the year show a pre-tax profit of £100. The directors do not recommend the payment of a dividend

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. These risks are discussed on page 15 of the Tesco PLC group annual report 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

### **Directors and their interests**

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

A Clark	
E O'Hare	
M Risk	(resigned 7 April 2008)
D Potts	
R Brasher	

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

D Potts and R Brasher are also directors of Tesco PLC, and as such their disclosable interests in Tesco PLC are declared in the financial statements of that company

# **TESCO RED (NOMINEE 1) LIMITED**

## **DIRECTORS' REPORT**

### **Directors' Report for the year ended 29 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 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). 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,
- 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.

#### **Statement of disclosure of information to auditors**

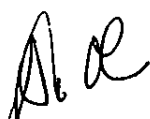
Each director who is a director at the date of approval of this report confirms that

- 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 26th August 2008



A Clark  
Director  
Tesco Red (Nominee 1) Limited  
Registered Number 5888930

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO RED (NOMINEE 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 Red (Nominee 1) Limited for the year ended 29 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 29 February 2008 and of its profit for the period 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

27<sup>th</sup> August 2008

## **TESCO RED (NOMINEE 1) LIMITED**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 FEBRUARY 2008**

	<b>Note</b>	<b>52 weeks to 29 February 2008</b>	<b>31 weeks to 28 February 2007</b>
		<b>£</b>	<b>£</b>
Other income		100	-
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>100</b>	<b>-</b>
Taxation on profit on ordinary activities	3	(30)	-
<b>Profit for the financial period</b>		<b>70</b>	<b>-</b>

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

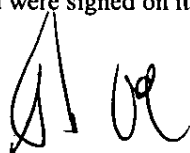
All operations are continuing for the financial period

The notes on pages 7 to 9 form part of these financial statements

**TESCO RED (NOMINEE 1) LIMITED****BALANCE SHEET AS AT 29 FEBRUARY 2008**

	Notes	2008 £	2007 £
<b>Current assets</b>			
Cash at bank and in hand		101	1
<b>Creditors (amounts falling due within one year)</b>	4	(30)	-
<b>Net assets</b>		<b>71</b>	<b>1</b>
<b>Capital and reserves</b>			
Called up share capital	5	1	1
Profit and loss reserve	6	70	-
<b>Total equity shareholders funds</b>	7	<b>71</b>	<b>1</b>

The financial statements on pages 5 to 9 were approved by the board of directors on 26th August 2008 and were signed on its behalf by



A Clark  
Director

# TESCO RED (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 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 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 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.

#### Other income

This income consists of a fee for holding title to a head lease on behalf of the Tesco Red Limited Partnership.

### 2. ACTIVITY AND DIRECTORS

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

There were no employees of the company during the year (2007: none).

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

### 3. TAXATION

	52 weeks to 29 February 2008 £	31 weeks to 28 February 2007 £
<b>Current tax:</b>		
UK Corporation tax on profits for the period	30	-
Total current tax	30	-
Tax on profit on ordinary activities	30	-

The tax assessed for the period is at the standard rate of corporation tax in the UK (30%).

#### 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.

### 4. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Corporation tax	30	-

## **TESCO RED (NOMINEE 1) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008 (continued)**

#### **5. CALLED UP SHARE CAPITAL**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Authorised 1,000 ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>
Allotted, called up and fully paid 1 ordinary share of £1	<b>1</b>	<b>1</b>

#### **6. RESERVES**

	<b>52 weeks to 29 February 2008</b>	<b>31 weeks to 28 February 2007</b>
	<b>£</b>	<b>£</b>
As at start of period	-	-
Profit for the period	<b>70</b>	-
As at end of period	<b>70</b>	-

#### **7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 29 FEBRUARY 2008**

	<b>52 weeks to 29 February 2008</b>	<b>31 weeks to 28 February 2007</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	<b>70</b>	-
Issue of ordinary share capital	-	<b>1</b>
Net increase to shareholders' funds	<b>70</b>	<b>1</b>
Opening shareholders' funds	<b>1</b>	-
Closing shareholders' funds	<b>71</b>	<b>1</b>

#### **8. ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Tesco Red (Nominee Holdco) Limited  
The ultimate parent companies are Tesco PLC and the British Airways Pension Trustees Limited. The registered office of Tesco PLC is Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL. The Registered office of the British Airways Pension Trustees Limited is Whitelocke House, 2/4 Lampton Road, Hounslow, Middlesex, TW3 1HU.

#### **9. RELATED PARTY TRANSACTIONS**

Transactions with other companies within the Tesco Red (GP) Limited 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 Red (GP) Limited, in which the company is included, are available at the address above.

## **TESCO RED (NOMINEE 1) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008 (continued)**

#### **10. 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.