28-06-95

FINANCIAL HIGHLIGHTS

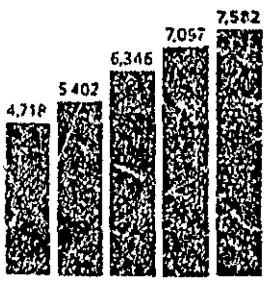
This year

	1993 (52 weeks)	1992 (53 weeks)	% Increase	% Increase on 52 week comparable basis
Turnover excluding value added tax - £m	**7,581.5**	7,097.4	6.8	8.9
Profit before taxation - £m (excluding net (loss)/surplus on sale of properties)	**583.2**	545.0	7.0	9.1
Fully diluted earnings per share - pence (excluding net (loss)/surplus on sale of properties)	**20.97**	19.95	5.1	7.1
Dividends per share - pence	**7.10**	6.30	12.7	-

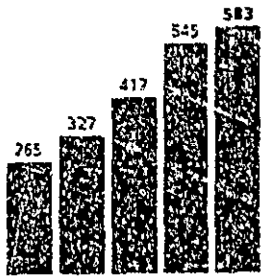
Last five years

	1993	1989	Compound % increase per annum over five years
Turnover excluding value added tax - £m	**7,581.5**	4,717.7	13.0
Profit before taxation - £m (excluding net (loss)/surplus on sale of properties)	**583.2**	265.3	21.6
Fully diluted earnings per share - pence (excluding net (loss)/surplus on sale of properties)	**20.97**	10.98	17.5
Dividends per share - pence	**7.10**	3.40	20.7

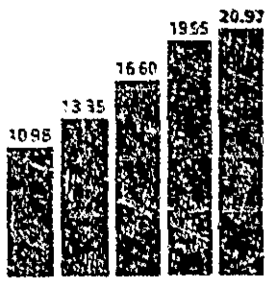
For further details please turn to the Five Year Record on page 52.



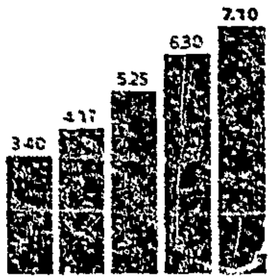
Turnover (£m)
(Excluding VAT)



Profit before taxation (£m)
(Excluding net (loss)/profit on sale of properties)



Earnings per share (pence)
(Fully diluted excluding net (loss)/profit on sale of properties)



Dividends per share (pence)

CHAIRMAN'S STATEMENT

Achievement and Change The financial year covered a period of challenging trading conditions for our company, with the recession in the United Kingdom and a continuing competitive market place. Within this environment Tesco has delivered a solid performance through continuing sales growth and generating substantial productivity to record another year of profit growth, as well as maintaining a strong financial position.

Sales have increased by 9%, on an equivalent 52 week year basis. Profit before taxation has risen by 8.5% to £581m, on an equivalent 52 week year basis. Earnings per share have been increased by 7% to 20.97p, on an equivalent 52 week year basis and dividends per share rose by 13% to 7.1p.

I am pleased that even in times of recession our staff have continued to benefit from the profit sharing scheme this year, to the extent of £25.5m or 5% of salary.

Store management teams have been restructured to allow them most effectively to meet the needs of the customers in modern superstores, with professional managers enjoying wider responsibilities and powers of action.

Inevitably, reorganising the management of every store was a difficult and demanding exercise, but the new structure is now established and is beginning to pay important dividends in terms of customer service and instore efficiencies. I believe that we have the finest and most effective store management teams in the industry.

Development Programme In an increasingly competitive market place, it is essential that we continue to develop the strength of the Tesco brand. We therefore maintained the momentum of our development programme, with capital expenditure at £653m in the year. Twenty five new stores were opened during the year. We are confident that we will maintain a substantial programme of new openings for the foreseeable future and we are pleased that we are now finding good development opportunities at moderate costs. At the year-end we had 412 stores trading of which 208 were of our proven conforming superstore format.

The new Tesco Metro store in Covent Garden marks a significant return to our city centre roots with a new trial store format which makes full use of our investments in product development, technology and distribution.

"Reorganising the management of every store was a difficult and demanding exercise, but the new structure is now established and is beginning to pay important dividends in terms of customer service and instore efficiencies" – Sir Ian MacLaurin

The Acquisition of Catteau The acquisition of the French retailer Catteau, which is still conditional, was announced in December and marks our entry into the European market.

We have been looking for a suitable European partner for some years. Catteau, who operate 92 stores in Northern France, met our criteria. It is a successful food retailing company of the right size, with an excellent track-record of profitability and growth; it offers potential for further expansion; it has a strong management team in the Catteau family and their senior executives, who will continue to run the business; and Tesco will be able to offer the local management the benefit of our buying, distribution and systems skills.

Catteau will give us the opportunity to learn more about food retailing in France and about trading in the new European environment.

Sunday Trading Our view on Sunday trading has not changed. We continue to encourage Government to deregulate Sunday trading so that our customers everywhere can enjoy a service they obviously want and appreciate. At the very least, we hope that the law will be clarified and there will be a fair and level playing field for all retailers, be they large or small, food or non-food. Millions of people now enjoy safe food shopping on a Sunday in dedicated food stores, with us and our competitors, and we see no logical reason why they should be deprived of this choice and be obliged to purchase that food, usually at higher prices, in DIY centres, garden centres, petrol stations, and other facilities not dedicated to the sale of food.

Corporate Governance The Cadbury Report on 'The Financial Aspects of Corporate Governance' set out a code of best practice in this key area of a company's management and control. The Tesco approach to Corporate Governance is explained by John Padovan, our senior non-executive director, on page 26 of this report. I am pleased to say that our compliance with the code, in its current state of development, has been confirmed in so far as recommended by Cadbury, in an independent review by our auditors, Price Waterhouse.

Board Appointments I was delighted to announce, in October, the appointment of Terry Leahy and Rowley Ager to the main board of Tesco PLC. Terry Leahy's appointment as Marketing Director followed our decision to give a greater priority to the marketing function in an increasingly competitive market place.

Rowley Ager is of course our Company Secretary, and his appointment to the board marks his growing responsibilities on the financial side of the business.

I am also very pleased to announce that Graham Pimlott joined the board as a non-executive director during March 1993. Graham is Chairman of the Corporate Finance Division of BZW and his broad business knowledge will be a valuable asset for Tesco.

Francis Krejsa has retired as a non-executive director after 25 years with the company. Francis has given outstanding service to Tesco in his years as property director and more recently as a non-executive director. We wish him well in his retirement.

Staff and Suppliers I would like to thank all our staff, and our suppliers, for their excellent performance in a very tough year. We continue to develop stable, long-term partnerships with many hundreds of manufacturers, farmers and growers. These partnerships lay considerable demands upon our suppliers, and I am more than grateful for their response. Together, we continue to achieve vigorous product innovation, very high-quality standards and ever-improving cost-efficiencies.

Our own people have coped extremely well with the year's pressures, which have included the restructuring of store management. Whenever I visit our stores or central departments, I find that morale is high and that there is a splendid spirit of determination throughout the company to overcome current conditions and to succeed in the coming years. My sincere thanks to you all.

Current Trading and Prospects Our sales performance since the year-end continues to run above 9%. We have launched a number of exciting promotions and advertising campaigns including the relaunch of last years popular 'Computers for Schools' promotion.

With regard to the future, with a strong financial position and an excellent core business, we will be concentrating on our strengths: superstore development in prime locations, value for money, customer service and product quality. We believe this will allow us to build upon our existing levels of customer count and customer spend which will stand us in good stead for continued growth.

Sir Ian MacLaurin

FINANCIAL REVIEW

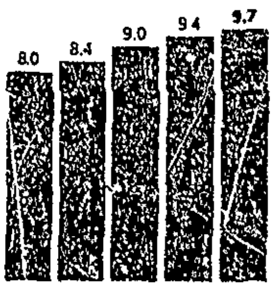
Tesco has achieved another year of solid profit growth, whilst maintaining a strong financial position.

Operating Results Profits before taxation increased by 6.5% to £581m, an increase of 7.0% excluding the net loss on sale of properties of £2.3m (1992 – surplus £0.5m). (Note that the previous financial year was a 53 week year – year on year growth figures should be increased by 2% to give a proper comparison.)

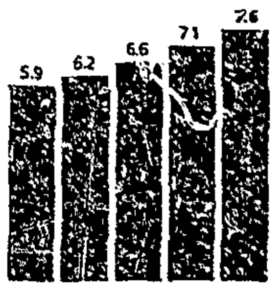
Sales including VAT increased to £8,129m; which on the basis of a 52 week comparison gives an increase of 9.0%, of which net new selling area accounted for around 7.5%. In the prevailing environment our focus is to continue our opening programme of well-sited new stores and to sharpen our trading performance in the existing stores; through improved standards of service to customers, more attractive promotions, competitive prices and value for money. As a result, we have continued to achieve sales growth, and our market share has increased by some 0.3%.

Our sales growth includes sales inflation of 2.4% which was significantly below that experienced in recent years, and well below our cost inflation which was running at around 4.0%. This has meant that productivity, cost control and cash flow were key issues for profit management.

A feature of the results has been an increase in operating profits of 14.7%, with an increase in operating margin of some 0.5% to 7.6%. This growth in profit has been achieved through the increasing contribution from our superstores, the investment in



Market Share in Food/Drink Shops (%)
Source: IGD/DTI



Operating Margin (%)

major productivity programmes and tight control of operating costs.

Turnover and operating profit per full-time equivalent employee increased by 9.5% and 17.6% respectively. This was achieved from improved working practices flowing from our Best Practice initiative, together with benefits from the roll-out of our labour-saving computerised ordering and laser scanning systems and new staff structures in branches.

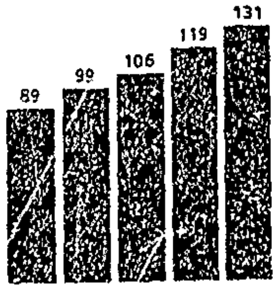
As a result we now allocate an increasing number and proportion of people to serving the customers. This is consistent with our commitment to customer service.

Net Interest Receivable reduced from £65.5m to £31.5m (after taking into acccount the reduced capitalised interest of £68m (1992 - £88m)) and reflected the continuing investment of funds in new superstores.

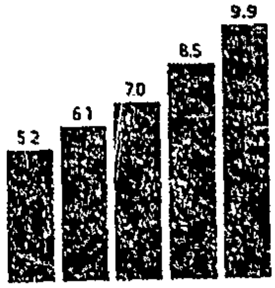
Capital Expenditure Our site location research strategy directs our investment to those catchment populations in towns and cities where we can maximise sales and financial returns for a Tesco store. This strategy is supported by a policy of refurbishing older stores to maintain and enhance their earnings potential.

Capital Expenditure for the year was £653m principally relating to the development of new superstores. We expect capital expenditure to reflect a continuing substantial development programme of around 25 stores per annum for the foreseeable future.

Funding The Tesco funding policy is to put in place a variety of instruments with good quality lenders whilst seeking to minimise the financing costs payable over the long-term. At February 1993, our borrowings of £711m comprised £640m due after more than one year, with £522m due after more than five years



Turnover per Employee (£000)



Operating profit per Employee (£000)

Our net cash outflow from investing activities of £529m, together with payments relating to taxation, net interest and dividends totalling £251m, have been largely financed by the net cash inflow from operating activities which generated £639m.

The balance of funding requirements was met from existing cash resources.

We expect to complete in June our conditional contract to buy the Catteau chain of stores in Northern France at a cost of £150m, which will also be funded from internal resources.

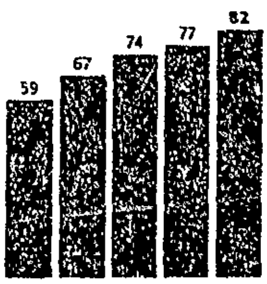
Our net cash outflow before financing of £140m was substantially less than the previous year (£336m). Net debt at the year-end was therefore limited to £471m resulting in gearing levels increasing only slightly to 17.1% from 14.4% at the end of last year.

Net interest payable cover remained strong at 15 times.

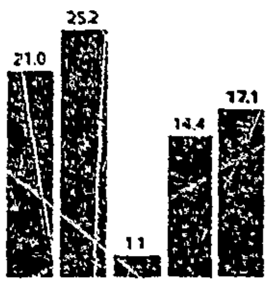
Returns The current return on capital is 18.3%, however the underlying returns excluding the substantial capital investment in stores not yet open is well over 20%, which confirms the long-term value of our investment programme.

Shareholder returns continued to improve during the year, with Fully Diluted Earnings per Share increasing by 5.1% (7.1% on a 52 week comparable basis) to 20.97p. The Board has recommended an increase in dividends of 12.7% to 7.1p per share.

The increase in dividend above the growth in profit for the financial year of 5.6% reflects our commitment to give investors the benefits of the long-term growth of our company. This dividend is covered three times.



Conforming Store Operating Profit Participation (%)



Net Gearing (%)

PRODUCT RANGE AND QUALITY

Tesco regards product innovation, range development and commitment to quality as essential elements in our offer to customers.

During the year we introduced 900 new food products. This high-level of innovation ensures that we continue to offer a wider range of grocery products than our competitors. We also stock the highest proportion of branded products among the major multiples.

Outstanding among the new products introduced during the year was our 'International Winemaker' range. In creating these wines, we looked beyond the conventional yardsticks of grape varieties and wine regions, and engaged the skills of the winemaker himself.

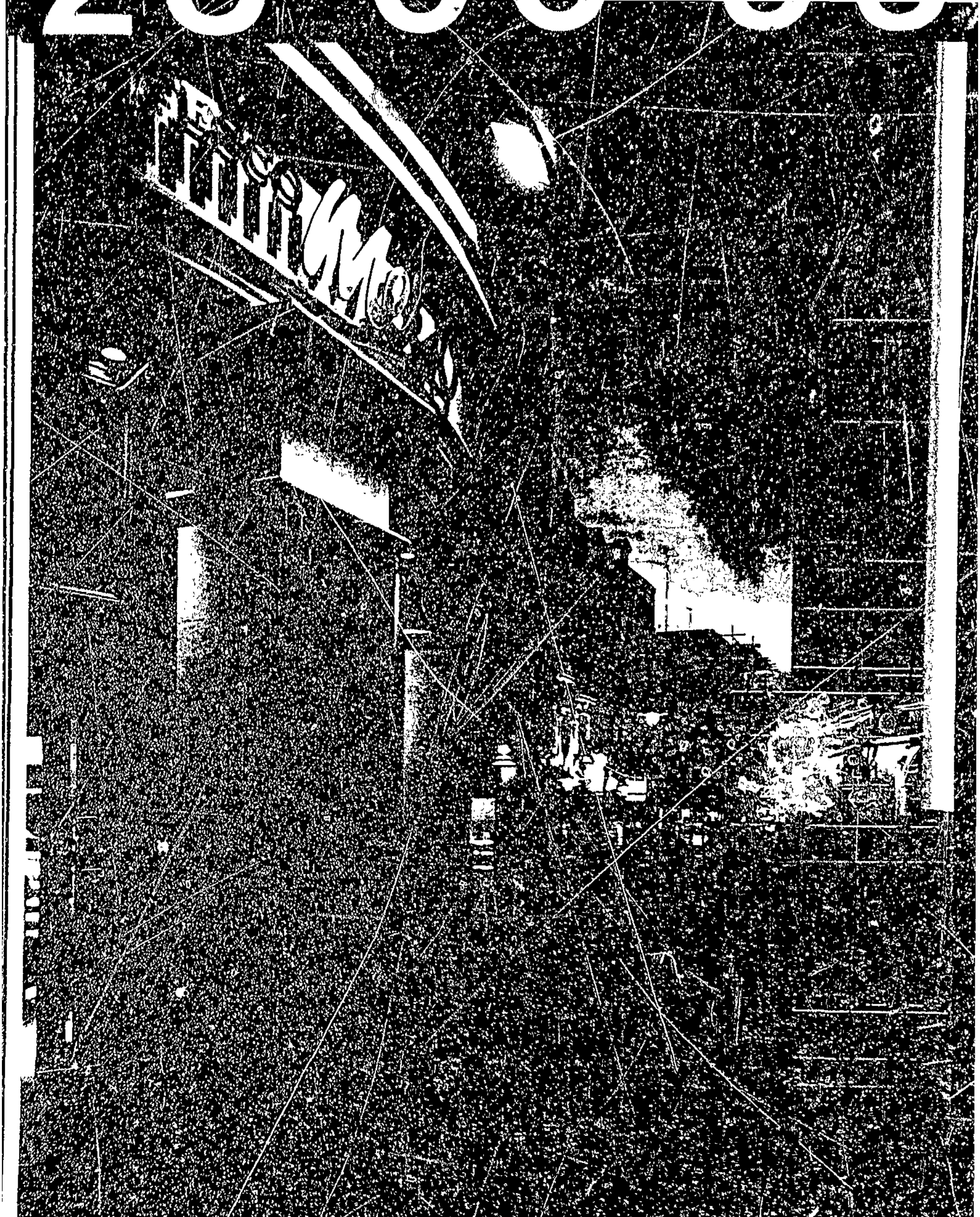
Our initiative to enhance further our meat offer to customers progressed well during the year. The objective is to provide a wider product range, with consistent high-quality, presented in secure packaging.

Partnership Sourcing, our policy of establishing long-term, mutually beneficial partnerships with suppliers, brings great benefits to our customers through more vigorous product innovation, and superior quality standards.

An example of this policy was the introduction of authentic Italian-style pizzas inspired by the Margherita pizza, speciality of the *Brandi* restaurant in Naples. Tesco, working with Geest Convenience Foods, developed a new baking technique which accurately reproduces the qualities of the *Brandi* Margherita to the restaurant's satisfaction. These value for money pizzas have achieved outstanding sales levels.

In tandem with our policy of partnership sourcing, Tesco is working to play its part in reducing the country's food trade gap. The aim is to replace imported products with home-produced alternatives wherever possible. Tesco works closely with many UK farmers and growers to develop better products, to improve efficiencies and to reduce costs.

Tesco commissioned the distinguished Bordeaux winemaker Jacques Lurton to create wines having the qualities that we know our customers appreciate, at prices they are willing to pay. The first result is a 'Winemaker' range of six wines, exclusive to Tesco, from Argentina, Australia, France and Spain. Prices range from £2.99 to £3.99.



resulted in an imaginative new retail format. Tesco Metro offers a range of products specially selected to attract town-centre shoppers: fresh and convenience foods, sandwiches, newspapers and magazines, wines and spirits. The first store to test this new concept is in Covent Garden, at the heart of London.

STORE DEVELOPMENTS

Tesco continues to extend its offer to existing customers – and to potential new customers – by building new stores across the country, including renewed investment in high street locations, while upgrading existing stores and introducing new facilities.

During the year, we opened 25 new stores with a combined selling area of 859,000 square feet. This brings our total portfolio to 412 stores. Our research has identified many further communities in England, Scotland and Wales which could support a profitable new Tesco store, and this research forms the basis of our development programme over the coming years. The requirements of customers for conveniently situated stores remains an important factor in our store location policy.

Our development strategy includes the flexibility for innovation and trial alongside the proven strength of our established superstore format. One example of such a trial is Tesco 'Metro'. Metro is a format designed to meet the needs of today's town-centre shoppers. The first store in the Metro format opened in Covent Garden, London, in June 1992.

Alongside new store development, we are continuing our rolling programme to bring older stores up to modern standards.

In all our stores, we aim to attract customers by offering a wide range of facilities in a pleasant environment. Research shows that customers favour stores which offer easy access, free ground-level parking, fast checkout service, coffee shops and other such facilities.

We offer customers a wide range of services in the stores. Of particular note are our rapidly growing number of pharmacies (now open in 48 stores), and our bakeries which make fresh bread and cakes throughout the day. Fresh fish and delicatessen counters are now firmly established as successful and attractive features in our stores.

VALUE FOR MONEY AND PROMOTIONS

Tesco continues to offer the best value for money, and the most attractive price promotions, available from any leading superstore operator.

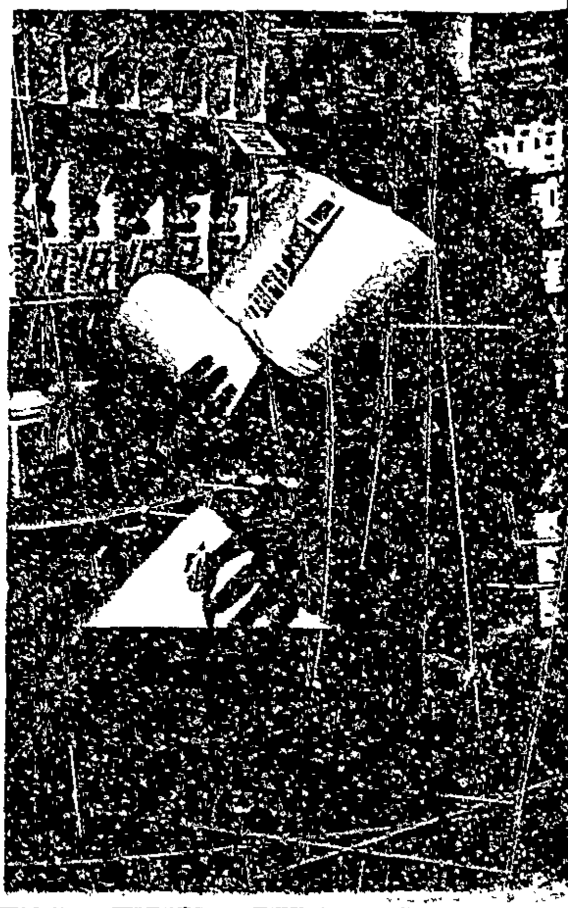
In a year of recession, value for money has come high on our customers' list of priorities. We have responded by offering outstanding value for money, and competitive price promotions, without sacrificing product quality.

Our own research, based on a sample of 1,000 product lines, regularly endorses the claim that we offer the lowest prices of any leading superstore operator. These findings were confirmed by several independent surveys, including one carried out by the Consumers' Association and reported in *Which?* magazine.

Among the many ways in which we work to achieve lower prices and higher value, partnership sourcing is one of the most important. Our buyers, technologists and marketing people co-operate closely with suppliers to develop new products, to reduce costs and to improve manufacturing and distribution efficiencies, without jeopardising product quality.

Throughout the year, we responded to trading conditions with a number of competitive promotions such as *'Computers for Schools'*, *'Multisavers'* (One, two – *free!*) and *'Why Pay More?'*. Just before Christmas, we introduced a further special promotion called *'Christmas Starts Early at Tesco'*. This was designed to foster customer loyalty by offering money-off vouchers to those who shopped with us regularly during November and December.

These major promotions were complemented by departmental promotions, such as *'Spring into Action'* for the household cleaning area and *'Big Freeze'* for our frozen food area, to offer customers a varied and attractive range of money saving options.



Tesco [illegible] a series of highly successful Multisaver price promotions throughout the year. In January 1993, the [illegible] Multisaver promotion offered discounts or free products on 400 items in our larger stores. It was promoted on television, in the press and in the stores themselves with the theme 'Tesco Has Never Given Away So Much Free!'

is a matter of the highest importance for Tesco. Each of our large stores now has a dedicated Customer Service Manager. This is a senior position with responsibility for everything from levels of checkout service to the expertise and helpfulness of everyone in the store who has the opportunity to serve customers.

CUSTOMER SERVICE

Tesco continues to improve the service we offer our 8 million customers. Several important developments took place during the year.

Customer Service includes every aspect of any customer's shopping experience in a Tesco store. It is a vital factor in attracting and retaining customers and receives the highest priority throughout the company.

The radical restructuring of store management was completed during the year and is now well established. Part of this initiative was the creation of the senior position of Customer Service Manager in our largest stores with the responsibility to lead the customer services effort throughout the store.

Length of checkout queues is perceived by customers as a key element in service standards. This year, using our advanced checkout technology, we have created a facility which monitors the number of customers queuing at every checkout. This allows us to ensure we achieve the stringent service standards we set ourselves and gives stores high-quality information to schedule their checkout staff in the most productive way.

Further initiatives were launched in the year which set standards for other important aspects of customer service, including stock availability, delicatessen, coffee shop and petrol station service. Each store's performance is measured against key criteria and improvements sought in order to provide our customers with enhanced standards.

Our customer satisfaction survey shows that these initiatives have further improved the levels of service we provide our customers.

We regard effective training as the key to achieving the demanding standards we set ourselves. This covers not only staff in our stores but also the services provided to stores by distribution and central departments.

DELIVERING FRESHNESS

Tesco continues to improve standards of product freshness by reducing delivery times and extending the product-life available to customers.

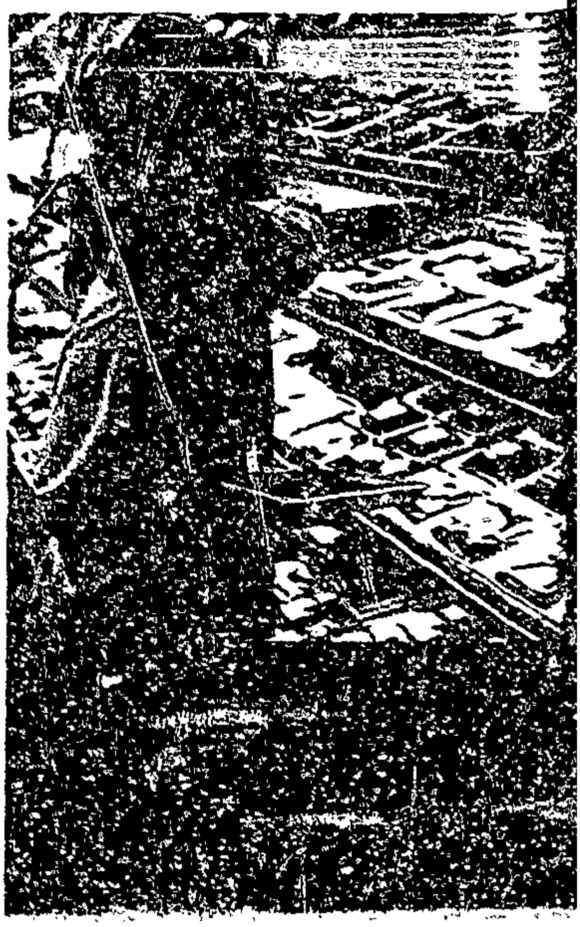
An increasing proportion of our products are now delivered by suppliers within 24 hours of ordering. Fresh meat, for example, can now be ordered by the store after closing for the day, the order is prepared by the supplier and delivered to our depots during the following day, and delivered to the store that night ready for the next day's customers. The meat will be absolutely fresh, and the customer will enjoy a longer period during which it can be consumed.

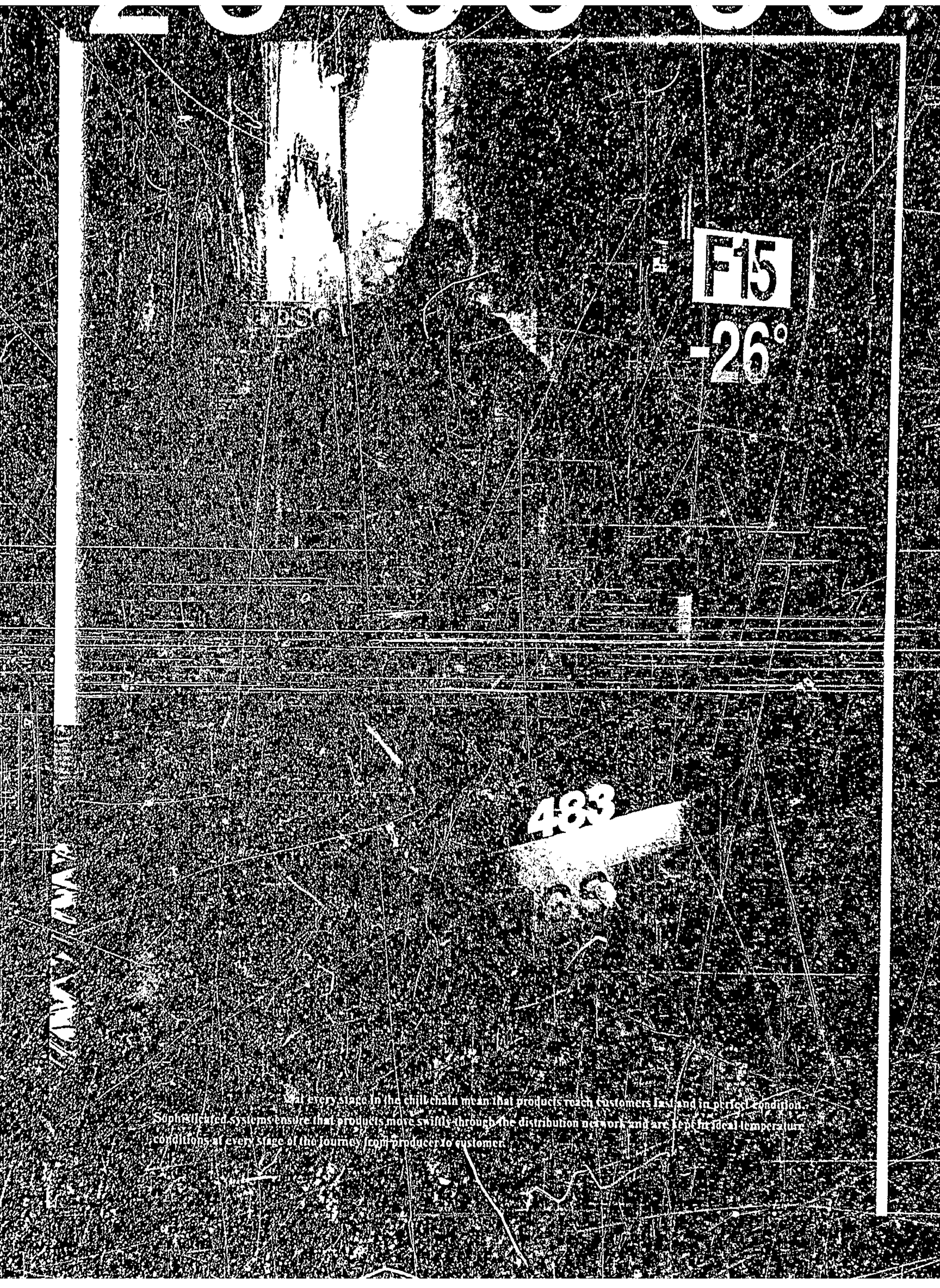
As a direct result of our continuing investment in the distribution chain, the product-life available to customers of meat and other perishable food products has lengthened to a longer period than most competitors can offer.

Last year we reported on our Sales Based Ordering system (SBO) which is a major contributor to outstanding product freshness. SBO automatically drafts orders to depots from the stores, using sales data captured by the laser-scanning tills. This system has led to simpler store procedures and more accurate demand forecasting, with consequent improvements in productivity, wastage and 'out-of-stocks'.

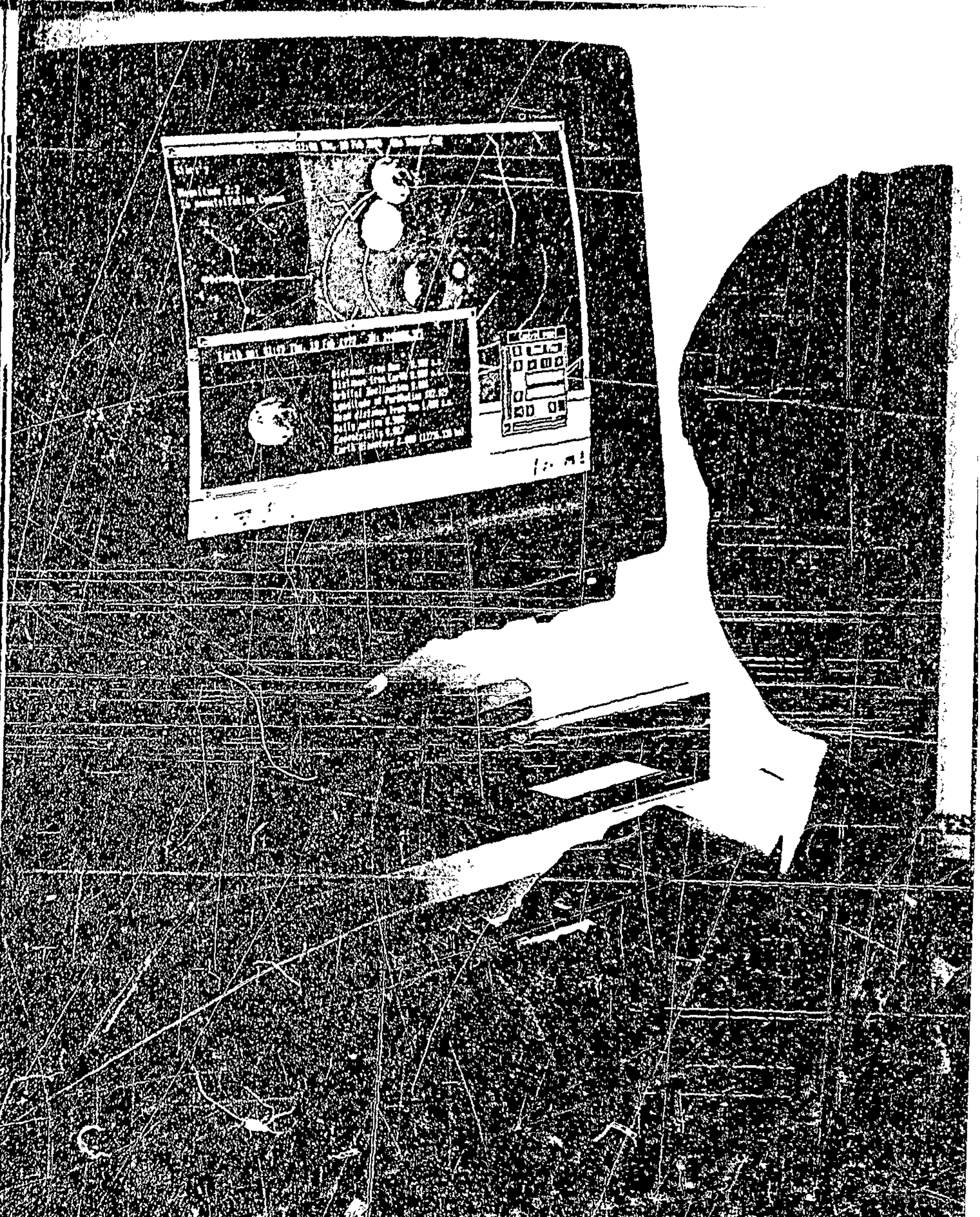
By the end of the year, SBO had been installed in 340 stores for grocery products and 100 stores for fresh foods. The roll-out will continue next year.

Tesco continues to improve all aspects of supply chain management, and to fine-tune the entire distribution network. Investment in advanced systems is repaid many times over through improved product quality and availability, smaller stockholdings, and efficiency improvements throughout the operation.





...at every stage in the chill chain mean that products reach customers fast and in perfect condition. Sophisticated systems ensure that products move swiftly through the distribution network and are kept in ideal temperature conditions at every stage of the journey from producer to customer.



was an outstanding example of a successful commercial promotion that also benefited many schools in the communities surrounding our stores. In exchange for Tesco vouchers, schools could acquire free Acorn computers, software, printers and disc drives. At the end of the six-week scheme, 8,000 schools sent in orders and over 13,000 items of free equipment were delivered.

COMMUNITY AND ENVIRONMENT

The Tesco policy is to act as a socially and environmentally responsible company which recognises the needs of present and future generations.

1992 was the Diamond Jubilee of the foundation of Tesco Stores Limited. To mark the anniversary we declared 1992 as our special year for children. With our staff we raised more than £740,000 for Action Research, while £250,000 was realised by the Tesco National Children's Fun Run for the Sports Aid Foundation and Action Research. The Tesco Charity Pro-Am Golf Classic contributed £153,000 to the NSPCC.

In addition *'Computers for Schools'*, while being a commercial promotion, benefited many schools in a practical way by providing much needed computer equipment.

The Cancer Relief MacMillan Fund, which provides specialist nurses for cancer patients, also received £215,000, bringing our total contribution to this charity over the last two years to £435,000.

During the year we continued to implement our comprehensive environmental policy.

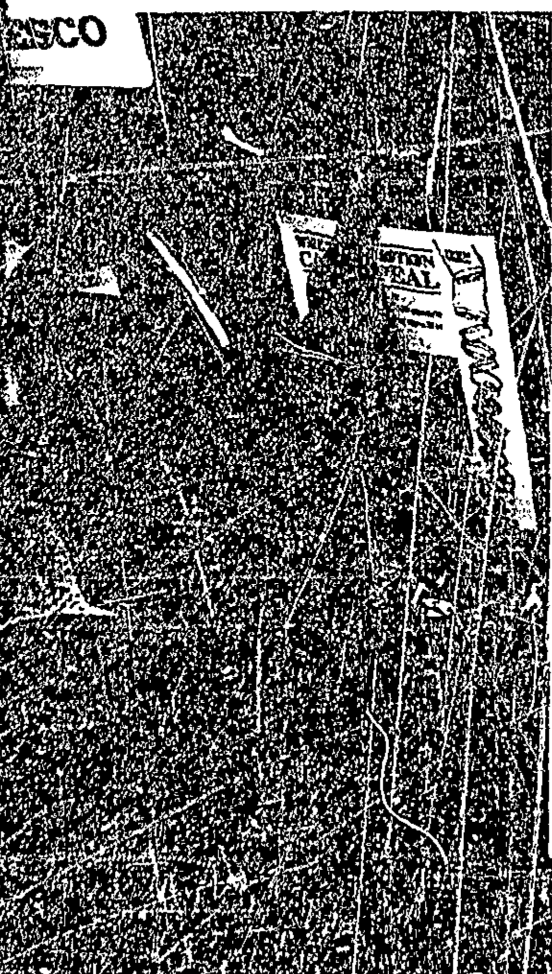
An example of the actions being taken throughout our business is our sustained effort to reduce the volumes of packaging materials that are disposed of by us or our customers.

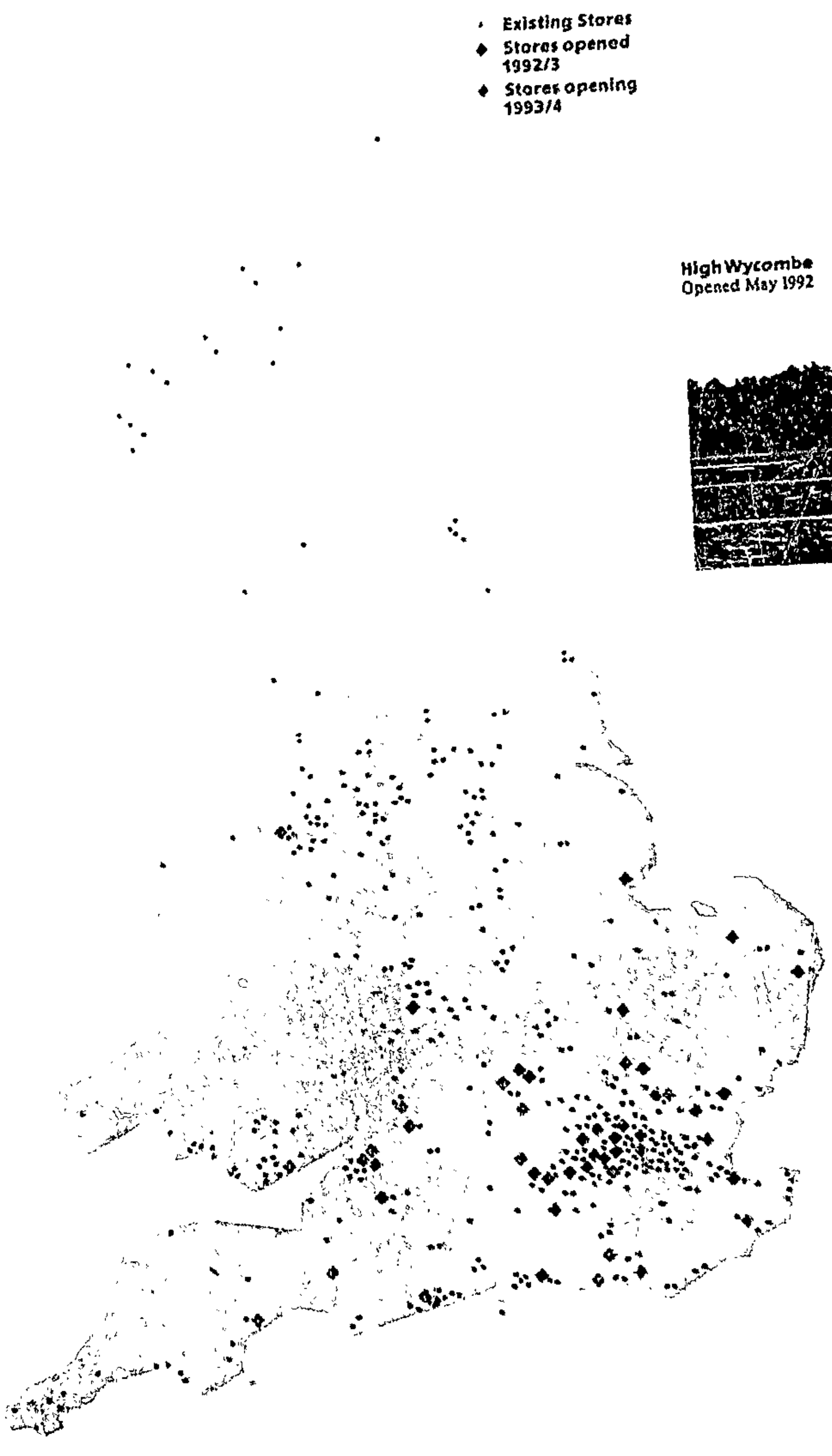
We apply the principles of reduction, re-use and recycling.

Reduction: Where unnecessary packaging has been identified it has been removed.

Re-use: We have changed from one-trip cardboard boxes to reusable plastic trays. This change alone has reduced the amount of cardboard used by 20,000 tonnes per annum.

Recycling: Balers have been introduced in over 100 stores to allow cardboard packaging to be economically collected for recycling. In addition we have continued to install multiple recycling facilities for customer use.





High Wycombe
Opened May 1992

OVER 400 STORES

Twenty-five stores opened in 1992/93

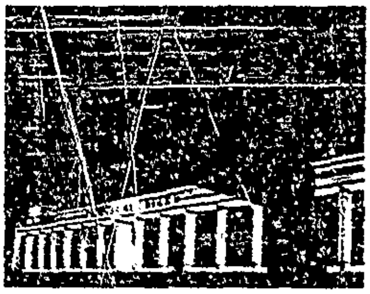
New Stores	New Sales Area (square feet)
Aldershot	40,500
Ashford	41,500
Bletchley	40,500
Boston	32,500
Bristol	27,000
Buckingham	23,000
Chelmsford	28,500
Covent Garden Metro	9,500
Didcot	24,000
Dudley	40,500
Ealing (Hoover)	37,500
Edmonton	45,000
Exmouth	30,500
Harrow	32,500
High Wycombe	29,000
Hillingdon	42,000
Huntingdon	41,000
Lewes	26,000
Lowestoft	32,500
Milton Keynes (Wolverton)	27,500
Reading	59,000
Rickmansworth	22,500
Royston	32,000
Shoreham	54,000
Yeovil	40,500
New Sales Area	859,000
Average size	34,400

Twenty-five stores planned to be opened in 1993/94

New Stores	New Sales Area (square feet)
Aylesbury	31,000
Basildon	26,500
Borehamwood	46,000
Bournemouth	19,500
Bristol	31,000
Bristol Metro	9,500
Burgess Hill	37,500
Cheltenham	37,000
Chichester	40,500
Cirencester	38,000
Colchester	45,000
East Dereham	26,500
Feltham	26,500
Gillingham	39,000
Harlow (Church Langley)	26,500
Harlow (Edinburgh Way)	39,000
Heswall	23,500
North Bracknell	25,500
Penarth	26,500
Poole	34,000
Saffron Walden	22,000
Trowbridge	38,000
Twickenham	46,000
Weybridge	49,500
Windsor	23,000
New Sales Area	807,000
Average size	32,300

A full list of stores is given on the Inside Back cover

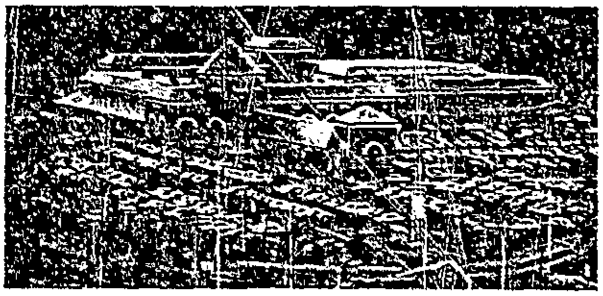
Note: Store sizes now exclude lobby and restaurant areas.



Ealing (Hoover Building)
Opened November 1992

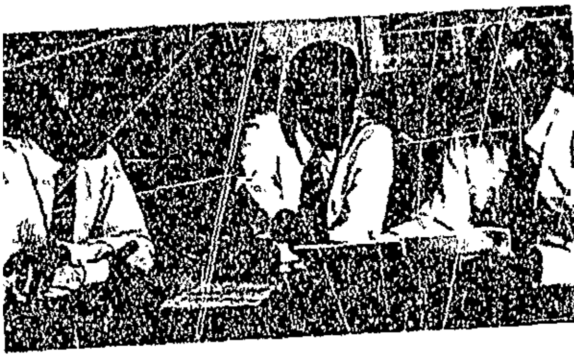
Didcot
Opened September 1992

Aldershot
Opened January 1993



Boston
Opened June 1992

BOARD OF DIRECTORS



Victor Benjamin†
Deputy Chairman
Victor Benjamin, who is 58, was appointed a part-time executive director of Tesco in 1982 and became Deputy Chairman in 1983. He has been associated with the company for more than 20 years as a partner in Berwin Leighton, the company's solicitors, and is also Deputy Chairman of Lex Service PLC.

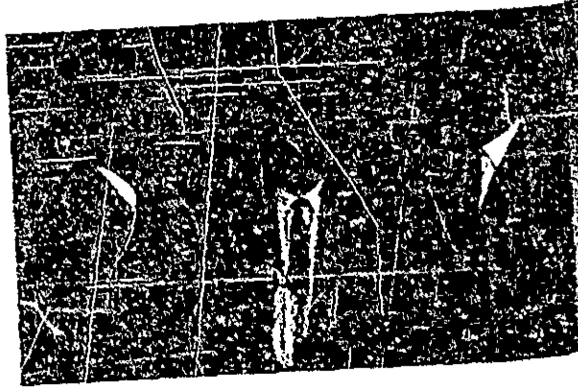
Sir Ian MacLaurin
Chairman
Sir Ian MacLaurin, who is 56, was appointed Chairman of Tesco in 1985. He joined Tesco as a management trainee in 1959 and was appointed to the Board in 1970. He became Managing Director in 1973 and Deputy Chairman in 1983. Sir Ian is a non-executive director of Guinness PLC and National Westminster Bank PLC.

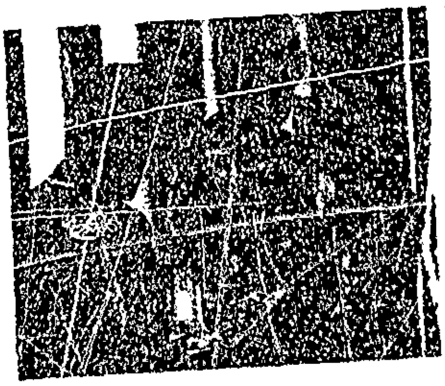
David Malpas
Managing Director
David Malpas, who is 53, was appointed Managing Director of Tesco in 1983. He joined Tesco in 1966 and was appointed to the Board in 1979.
He is a member of the Welsh Development Agency and is also a non-executive director of Perkins Foods PLC and Kleinwort High Income Trust PLC.

Dennis Tuffin
Personnel Director
Dennis Tuffin, who is 59, was appointed to the Board of Tesco in 1984 as Retail Director. He joined the company in 1966 and was appointed Regional Managing Director in 1971 and joint Managing Director in charge of retail operations in 1980. He became Personnel Director in October, 1992.

Michael Wemms
Retail Director
Michael Wemms, who is 53, was appointed to the Board of Tesco in 1989 as Personnel Director. He joined the company in 1972 as a trainee manager and was appointed Regional Managing Director in 1984. He became Retail Director in October, 1992.

Michael Darnell
Distribution Director
Michael Darnell, who is 59, was appointed to the Board of Tesco in 1975 with responsibility for the Home'n'Wear business. He joined the company in 1967 and has held a number of senior retail appointments. He became Distribution Director in 1982.

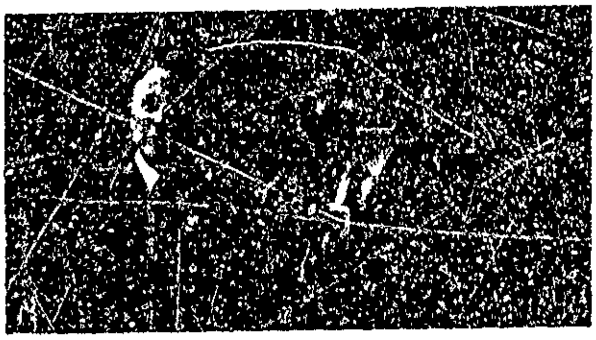




Terry Leahy
Marketing Director
Terry Leahy, who is 37, was appointed to the Board of Tesco in October, 1992. He joined the company in 1979 and held a number of marketing appointments until 1986 when he became Commercial Director of fresh foods for Tesco Stores Limited.

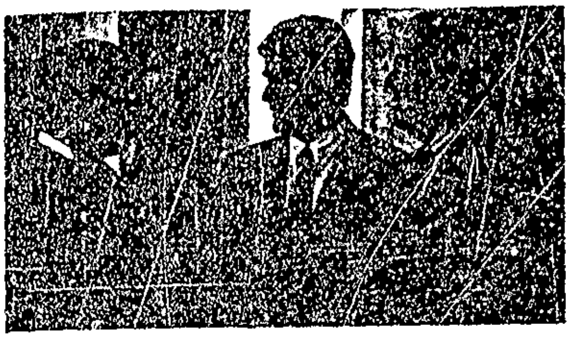
John Gildersleeve
Trading Director
John Gildersleeve, who is 48, was appointed to the Board of Tesco in 1984 as Personnel and Marketing Director. He joined the company in 1965, and was appointed Regional Managing Director in 1979. He became Trading Director in October, 1992.

SECRETARY AND REGISTERED OFFICE
Rowley Ager
Tesco House
Delamare Road, Cheshunt,
Hertfordshire EN8 9SL
Telephone 0992 632222



Rowley Ager
Company Secretary
Rowley Ager, who is 47, was appointed to the Board of Tesco in October, 1992. He joined Tesco in 1986 from B.A.T Industries Group, where he held a number of finance positions, and became Company Secretary of Tesco in 1990.

David Reid, C.A.
Finance Director
David Reid, who is 46, was appointed to the Board of Tesco in 1985, having joined the company in the same year. He previously worked with Philips Industries and B.A.T Industries Group. He is a non-executive director of Westbury PLC.



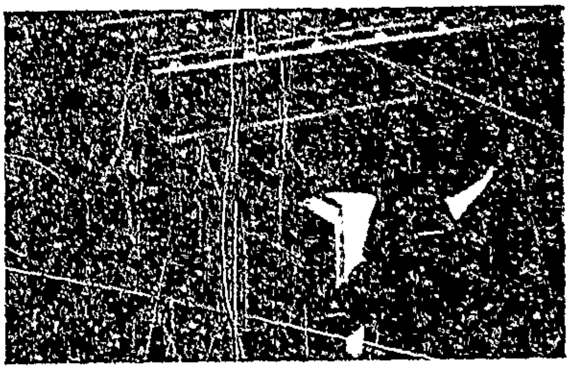
Graham Pimlott*†
Graham Pimlott, who is 43, was appointed a non-executive director of Tesco in March 1993. He is Chairman of the Corporate Finance Division of BZW which he joined in 1989. He was previously Corporate Finance Director of Kleinwort Benson and a partner in the firm of Lovell White Durrant.

Dr Gwyn Jones*†‡
Gwyn Jones, who is 44, was appointed a non-executive director of Tesco in January 1992. He is Chairman of the Welsh Development Agency and a director of ACT Group PLC and Welsh Water Enterprises Ltd. He is also a Governor of the BBC.

John Gardiner*†
John Gardiner, who is 56, was appointed a non-executive director of Tesco in 1988. He is Chairman and Chief Executive of Laird Group PLC and is also a non-executive director of Enterprise Oil PLC, The Securities & Investments Board Ltd and PowerGen PLC.

Baroness O'Cathain OBE*‡
Detta O'Cathain, who is 55, was appointed a non-executive director of Tesco in 1985. She is Managing Director of the Barbican Centre, and is also a non-executive director of Sears PLC and Midland Bank plc.

John Padovan*†‡
John Padovan, who is 54, was appointed a non-executive director of Tesco in 1982. He is Chairman of AAH Holdings PLC, a director of Whitbread PLC, The Hartstone Group PLC, Schroder Split Fund PLC and several other companies.



PRINCIPAL BANKERS
Midland Bank plc
Barclays Bank PLC
Kleinwort Benson Limited

AUDITORS
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY

SOLICITORS
Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

STOCKBROKERS
UBS Philips & Drew
Securities Limited
100 Liverpool Street
London EC2M 2RH

REGISTRARS
Lloyds Bank Registrars
The Causeway, Worthing
West Sussex BN99 6DA
Telephone 0903 502541

*Non-Executive Director
†Member of the Audit Committee
‡Member of the Remuneration Committee

CORPORATE GOVERNANCE

The operation of corporate governance disciplines has been progressively established at Tesco. The key issues identified in the Cadbury report are an effective Board of Directors, with influential independent non-executive directors, supported by Board Committees which concentrate on the vital aspects of direction and control of the company.

The main bodies which influence the governance of Tesco PLC are set out below:-

Board of Directors The Board of Tesco PLC includes five independent non-executive directors and ten executive directors. No one individual has sole powers of decision, control of the company is wholly in the hands of the Board. Sir Ian MacLaurin is Chairman and David Malpas is Managing Director.

The full board meet on a monthly basis; day to day and operational control is in the hands of the executive committee. A formal schedule of matters reserved for the decision of the full board covers key areas of the group's affairs including the approval of the financial statements, major acquisitions and disposals, authority levels for expenditure, treasury policies and risk management policies, together with succession plans for senior executives.

Executive Committee The executive directors meet formally every week to control the operation of the business and to react quickly to the rapidly changing environment in which all food retailers operate.

Property and Finance Committees These internal committees comprising Board members deal with property acquisition and advise on issues of funding and treasury control.

Audit Committee The Audit Committee consists entirely of non-executive directors as recommended by the Cadbury Committee, and is chaired by me.

Its duties include the reviewing of internal control throughout the group, approving the group's accounting policies and reviewing the half-year and annual financial statements before submission to the Board. The finance director, internal audit director and our auditors, Price Waterhouse, attend meetings of the committee as appropriate.

Remuneration Committee The Remuneration Committee, chaired by Baroness O'Cathain, conforms to the requirements of the Cadbury Committee. Its responsibilities are to approve the remuneration and other benefits of the executive directors, including the rules of the performance related incentive scheme and the granting of share options.

Pension Fund The assets of the Pension Schemes are held separately from those of the group, the full-time employee scheme is managed by the Trustees and the part-time employee scheme is managed as a separate fund by the Equitable Life Insurance Company. The Trustees of the full-time pension scheme include five executive directors, two senior managers, and three members appointed from staff and pensioners. The fund's assets are independently managed. There is no self investment in either shares of or property occupied by the Tesco group.

The Board is committed to ensuring that proper standards of corporate governance are operating in the group and that all directors are kept fully informed to allow them to make a full contribution to the business of the group.

John Padovan

DIRECTORS' REPORT

The directors present their Annual Report on the affairs of the group together with the Accounts and Auditors' Report for the 52 weeks ended 27th February 1993.

Results and Dividends

Group turnover including VAT increased by £532.9m to £8,128.5m, representing a gain of 7.0%.

Group profit on ordinary activities before taxation for the year was £580.9m compared with £545.5m for the previous year, an increase of £35.4m.

The amount allocated to the employee profit sharing scheme this year was £25.5m compared with £23.8m for last year.

After provision for tax of £163.3m and dividends, paid and proposed, of £138.7m, profit retained for the financial year amounted to £278.9m.

An interim dividend of 2.25p (gross equivalent 3.00p) per ordinary share has been paid on account of the 52 week period ended 27th February 1993. The directors recommend the payment of a final dividend of 4.85p (gross equivalent 6.26p) per ordinary share to be paid on 1st July 1993, making a total for the year of 7.1p (gross equivalent 9.26p) per ordinary share.

Principal Activity and Business Review

The principal activity of the group is the operation of food superstores and associated activities within the United Kingdom. For a detailed business review, please refer to pages 6 to 23.

Tangible Fixed Assets

Capital expenditure amounted to £653m compared with £852m during the previous year.

A summary of the changes in fixed assets is shown in Note 8 to the Accounts. The directors are of the opinion that the properties of the group have a market value in excess of the book value of £3,514m included within these accounts.

Share Capital

Shareholders were offered the option of ordinary shares in lieu of dividends during the year. As a result, the company allotted 2,387,855 ordinary shares in lieu of the final dividend in respect of the 53 weeks ended 29th February 1992 and the interim dividend in respect of the 52 weeks ended 27th February 1993.

Shares were again allotted and options granted under the company's share option schemes for employees.

Details of all share capital movements and options can be found in Notes 18 and 19 to the Accounts.

Substantial Shareholdings

So far as the company is aware as at the date of this report Prudential Corporation, for itself and others, hold interests in 88,313,854 ordinary shares (4.52%). The company is not aware of any other interest in its ordinary shares of 3% or more.

Directors and their Interests

The names of the directors and their interests are shown on page 28. Mr V W Benjamin, Mr J Gildersleeve and Mr D C Tuffin retire from the Board by rotation in accordance with the company's Articles of Association and, being eligible, offer themselves for re-election. Mr F R N Krejsa retired on 31st March 1993.

Mr R S Ager and Mr T P Leahy, were appointed as directors on 5th October 1992. Mr G F Pimlott was appointed a director on 1st March 1993, and in accordance with the company's Articles of Association retire and, being eligible, offer themselves for re-election.

Directors' biographies are set out on pages 24 and 25.

The service contracts of Mr R S Ager, Mr V W Benjamin, Mr J Gildersleeve, Mr T P Leahy and Mr D C Tuffin are terminable on three years' notice from the company.

Mr G F Pimlott does not have a service contract of more than one year's duration.

Directors' Interests

The disclosable interests of the directors and their families at the year-end were as follows:

	Ordinary Shares	
Beneficial	**27th February 1993**	**1992**
Sir Ian MacLaurin	179,373	172,205
Mr V W Benjamin	109,420	104,221
Mr A D Malpas	88,979	84,069
Mr R S Ager	11,126	8,468
Mr M Darnell	105,171	27,610
Mr J A Gardiner	16,784	16,784
Mr J Gildersleeve	24,682	22,559
Dr M G Jones	-	-
Mr F R N Krejsa	137,372	135,789
Mr T P Leahy	85,689	92,982
Baroness O'Cathain	3,917	3,821
Mr J M F Padovan	4,254	4,254
Mr D E Reid	65,885	56,999
Mr D C Tuffin	77,598	72,972
Mr J M Wemms	30,538	27,087
Non-Beneficial		
Sir Ian MacLaurin	93,075	93,075

In addition each of the executive directors are beneficiaries of the Tesco Employee Trust which held 4,889,336 ordinary shares at 27th February 1993.

Details of all directors' share options are given in Note 19 to the Accounts.

Between 27th February 1993 and 5th April 1993 there have been no changes in the interests of the directors in the share capital of the company. None of the directors had any material interest, at any time during the year, in any contract of significance with the company or any of its subsidiaries.

Directors' and Officers' liability Insurance

During the financial year ended 27th February 1993 the company had directors' and officers' liability insurance in force.

Employment Policies

Our aim is to ensure that all our employees, and those who seek employment with us, are treated equally, regardless of such factors as gender, race, colour, disability or age, and that no-one is prevented from achieving their full potential by any unreasonable conditions or requirements.

Greater emphasis has been given to the achievement of these fundamental objectives, by the setting up of a committee of senior executives to specifically review our policy on equal opportunities, and to define a strategy for its further development.

We have also set ourselves a number of goals designed to enhance the role of women, as part of the Opportunity 2000 initiative, specifically to increase the quantity and quality of women's participation in our business.

We believe in close consultation with employees on matters of concern to them. Employees are encouraged to become aware of, and involve themselves in, the performance of the group.

Communication with employees individually is achieved through the in-house newspaper, information bulletins and other such publications. Consultative meetings are attended by senior trading managers with senior management on a weekly basis and other meetings of retail staff are held at regular intervals. These meetings not only allow information to be passed to employees and their representatives on matters affecting the business, but also provide a forum for employees to communicate with management.

There are several ways in which employees are encouraged to become involved in the group's financial performance. The principal schemes are ones in which shares in the company are appropriated to employees and in which they are invited to apply for options to acquire shares in the company.

Employee Profit Sharing

During the year the company established a discretionary trust for the benefit of employees known as The Tesco Employee Trust with Barclays Private Bank & Trust (Isle of Man) Limited as the trustee. It is intended that its principal role will be to purchase shares in order to satisfy the company's profit sharing scheme requirements.

Charitable and Community Support

Contributions to charity via the Tesco Charity Trust and to community projects amounted to £278,000 (1992 - £260,000).

Political Contributions

No political contributions were made.

Number of Shareholders

The number of shareholders in the company at 27th February 1993 was 127,219 (1992 – 117,985).

Close Company Status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

Price Waterhouse have expressed their willingness to continue in office. In accordance with section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Price Waterhouse as auditors of the company will be put to the Annual General Meeting.

Annual General Meeting

A separate circular accompanying the Annual Report and Accounts explains the special business to be considered at the Annual General Meeting on Friday 28th May 1993.

By Order of the Board
R.Ager
ROWLEY AGER
Secretary

5th April 1993

Tesco PLC
Registered Number:
445790

GROUP PROFIT AND LOSS ACCOUNT

52 weeks ended 27th February 1993 (1992 – 53 weeks)	*Note*	1993 £m	1992 £m
Sales at net selling prices		8,128.5	7,595.6
Value added tax		547.0	498.2
Turnover excluding value added tax		7,581.5	7,097.4
Cost of sales	*1*	6,849.0	6,435.9
Gross profit		732.5	661.5
Administration expenses		155.3	158.2
Operating profit	*1*	577.2	503.3
Net (loss)/surplus on sale of properties	*1*	(2.3)	0.5
Interest receivable less payable	*3*	31.5	65.5
Profit after interest		606.4	569.3
Employee profit sharing	*4*	25.5	23.8
Profit on ordinary activities before taxation		580.9	545.5
Tax on profit on ordinary activities	*5*	163.3	149.9
Profit for the financial year		417.6	395.6
Dividends	*6*	138.7	122.3
Retained profit for the financial year	*20*	278.9	273.3

		pence	pence
Earnings per share	*7*	21.45	20.43
Adjustment for loss/(surplus) on sale of properties		0.12	(0.02)
Adjusted earnings per share excluding (loss)/surplus on sale of properties	*7*	21.57	20.41
Fully diluted earnings per share	*7*	20.86	19.97
Adjustment for loss/(surplus) on sale of properties		0.11	(0.02)
Adjusted fully diluted earnings per share excluding (loss)/surplus on sale of properties	*7*	20.97	19.95
Dividends per share	*6*	7.10	6.30

All group operations for the financial year are continuing.

Accounting policies and notes forming part of these accounts are on pages 34 to 50.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

52 weeks ended 27th February 1993 (1992 – 53 weeks)	1993 £m	1992 £m
Retained profit for the financial year	278.9	273.3
Gain on foreign currency translation	0.2	0.7
Total recognised gains and losses relating to the financial year	279.1	274.0

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

52 weeks ended 27th February 1993 (1992 – 53 weeks)	1993 £m	1992 £m
Profit for the financial year	417.6	395.6
Dividends	138.7	122.3
	278.9	273.3
Other recognised gains and losses for the year (net)	0.2	0.7
New share capital subscribed less expenses	20.7	7.9
Payment of dividends by shares in lieu of cash	6.1	5.2
Net addition to shareholders' funds	305.9	287.1
Shareholders' funds at 29th February 1992	2,447.0	2,159.9
Shareholders' funds at 27th February 1993	2,752.9	2,447.0

Accounting policies and notes forming part of these accounts are on pages 34 to 50.

BALANCE SHEETS

27th February 1993	Note	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Fixed Assets					
Tangible assets	*8*	**3,993.7**	3,552.0	**-**	-
Investments	*9*	**5.5**	-	**20.4**	15.0
		3,999.2	3,552.0	**20.4**	15.0
Debtors					
Amounts falling due after more than one year	*10*	**2.5**	3.8	**2,050.0**	800.0
Current Assets					
Stocks (goods for resale)		**240.0**	221.7	**-**	-
Debtors	*10*	**45.8**	35.8	**139.4**	1,295.1
Money market investments and deposits	*11*	**239.6**	300.7	**228.1**	289.8
Cash at bank and in hand		**-**	38.3	**-**	-
		525.4	596.5	**367.5**	1,584.9
Creditors					
Amounts falling due within one year	*12*	**1,055.7**	1,003.5	**371.7**	381.5
Net current (liabilities)/assets		**(530.3)**	(407.0)	**(4.2)**	1,203.4
Total assets less current liabilities		**3,471.4**	3,148.8	**2,066.2**	2,018.4
Creditors					
Amounts falling due after more than one year	*13*	**639.7**	648.2	**527.5**	519.0
Provisions for liabilities and charges	*16*	**78.8**	53.6	**3.6**	1.2
		2,752.9	2,447.0	**1,535.1**	1,498.2
Capital and Reserves					
Called up share capital	*18*	**97.8**	97.0	**97.8**	97.0
Share premium account	*20*	**924.3**	898.3	**924.3**	898.3
Other reserves	*20*	**39.6**	39.6	**-**	-
Profit and loss account	*20*	**1,691.2**	1,412.1	**513.0**	502.9
		2,752.9	2,447.0	**1,535.1**	1,498.2

SIR IAN MacLAURIN
D E REID C.A.
Directors
Accounts approved by the Board 5th April 1993.

Accounting policies and notes forming part of these accounts are on pages 34 to 50.

GROUP CASH FLOW STATEMENT

52 weeks ended 27th February 1993 (1992 – 53 weeks)	*Note*	1993 £m	1992 £m
Net cash inflow from operating activities	25	639.4	676.4
Returns on investment and servicing of finance:			
Interest received		89.1	123.3
Interest paid		(117.3)	(136.4)
Interest element of finance lease rental payments		(8.0)	(9.1)
Dividends paid		(121.1)	(103.2)
Net cash outflow from returns on investments and servicing of finance		(157.3)	(125.4)
Taxation:			
Corporation tax paid (including advance corporation tax)		(93.6)	(165.4)
Investing activities:			
Payments to acquire tangible fixed assets		(605.1)	(775.7)
Receipts from sale of tangible fixed assets		81.6	54.4
Increase in investment in associated company		(5.5)	-
Net cash outflow from investing activities		(529.0)	(721.3)
Net cash outflow before financing		(140.5)	(335.7)
Financing:			
Ordinary shares issued for cash		21.2	8.9
Issue of 10⅞% bonds		–	200.0
Issue of ½% deep discount bond		–	50.0
E.C.S.C. loan		–	73.8
New finance leases		26.4	33.6
Increase/(decrease) in other loans		1.8	(40.7)
Capital element of finance leases repaid		(30.3)	(24.7)
Decrease/(increase) in short-term deposits		53.2	(93.2)
Expenses paid in connection with share and bond issues		(0.5)	(1.0)
Net cash inflow from financing	26	71.8	206.7
Decrease in cash and cash equivalents	28	(68.7)	(129.0)

Accounting policies and notes forming part of these accounts are on pages 34 to 50.

ACCOUNTING POLICIES

Basis of Accounts
The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention, and are in accordance with the Companies Act 1985.

Basis of Consolidation
The group profit and loss account and balance sheet consist of the accounts of the parent company and its subsidiary undertakings, all of which are made up to or around 27th February 1993.

Any excess or deficiency of purchase consideration in relation to the fair value of attributable net assets of subsidiary undertakings at the date of acquisition is adjusted on reserves.

The group's share of associated undertakings' profits/losses is included in the group profit and loss account and added to the cost of investments in the balance sheet. The accounting policies of associated undertakings are adjusted on consolidation to achieve consistent group accounting policies.

Stocks
Stocks are valued on the basis of first in first out at the lower of cost and net realisable value. Stocks in stores are calculated at retail prices and reduced by appropriate margins to the lower of cost and net realisable value.

Money Market Investments
Money market investments are stated at market value. All income from these investments is included in the profit and loss account as interest receivable and similar income.

Fixed Assets and Depreciation
Fixed assets include amounts in respect of interest paid, net of taxation, on funds specifically related to the financing of assets in the course of construction.

Depreciation is provided on an equal annual instalment basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Plant, equipment, fixtures and fittings and motor vehicles – at rates varying from 10% to 33%.

Leasehold properties with less than 125 years unexpired are amortised by equal annual instalments over the unexpired period of the lease.

No depreciation is provided on United Kingdom freehold buildings or leasehold buildings held on leases in excess of 125 years. The group follows a programme of regular refurbishment and maintenance of its properties, which includes the reinstatement of the fabric of the buildings, where necessary, in order to maintain them to a high standard. Accordingly, in the opinion of the directors, any element of depreciation would be immaterial and no provision has been made.

Leasing
Plant, equipment and fixtures and fittings which are the subject of finance leases are dealt with in the accounts as tangible assets and equivalent liabilities at what would otherwise have been the cost of outright purchase.

Rentals are apportioned between reductions of the respective liabilities and finance charges, the latter being calculated by reference to the rates of interest implicit in the leases. The finance charges are dealt with under interest payable in the profit and loss account.

Leased assets are depreciated in accordance with the depreciation accounting policy over the anticipated working lives of the assets which generally correspond to the primary rental periods.

The costs of operating leases of land and buildings and other assets are expensed as incurred.

Deferred Taxation and Advance Corporation Tax
Deferred taxation is provided on accelerated capital allowances and other timing differences, only to the extent that it is probable that a liability will crystallise.

Provision for deferred taxation is made at the rate of corporation tax anticipated for the year in which the timing difference is expected to reverse.

Surplus advance corporation tax on dividends paid and proposed, which is expected to be recoverable, is included within debtors.

Pensions

The expected cost of pensions in respect of the group's defined benefit pension scheme is charged to the profit and loss account over the working lifetimes of employees in the scheme. Actuarial surpluses and deficits are spread over the expected remaining working lifetimes of employees.

Post-Retirement Benefits other than Pensions

The cost of providing other post-retirement benefits, which comprise private healthcare, is charged to the profit and loss account so as to spread the cost over the service lives of relevant employees in accordance with the advice of qualified actuaries. Actuarial surpluses and deficits are spread over the expected remaining working lifetimes of relevant employees.

This is a change of accounting policy from previous years in which the cost of providing these benefits was provided on the basis of cash payments made. Comparatives have not been restated because of the immateriality of the amounts involved.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the financial year-end exchange rates. Profits and losses of overseas subsidiaries are translated into sterling at average rates of exchange.

Gains and losses arising on the translation of the net assets of overseas subsidiaries are taken to reserves, less exchange differences arising on related foreign currency borrowings. Other exchange differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS

Note 1	**Profit on Ordinary Activities**	**1993 £m**	1992 £m
	Operating profit is stated after charging the following:		
	Depreciation and amortisation	**127.3**	112.3
	Operating lease costs	**79.7**	72.1
	Auditors' remuneration	**0.3**	0.3
	Employment costs (Note 2a)	**764.6**	729.1

Cost of sales includes warehouse and transportation costs and all store operating costs.

Net loss on sale of properties for the year has been arrived at after the offset of profits of £13.3m.

The auditors also received £0.3m (1992 – £0.2m) in respect of non-audit services during the year.

The company operates within only one business segment that of the operation of food superstores and associated activities with business principally transacted in the United Kingdom.

Note 2	**Employment Costs**	**1993 £m**	1992 £m
	a) Employment costs during the year		
	Wages and salaries	**686.1**	653.6
	Social security costs	**46.5**	44.2
	Other pension costs (Note 21)	**32.0**	31.3
		764.6	729.1

Included within employment costs is an accrual of £0.5m (1992 – £1.1m) for the directors' performance related incentive scheme, of which £0.1m (1992 – £0.2m) relates to the Chairman (See Note 2c).

b) Number of persons employed
The average number of UK employees per week during the year was 86,066 (1992 – 87,033) – full-time equivalent 58,046 (1992 – 59,519).

c) Directors' emoluments
Aggregate emoluments of the directors of the parent company were as follows:

	1993 £000	1992 £000 (Restated)
Directors' emoluments	**3,900**	3,639
Performance related incentive payments	**1,408**	1,867
	5,308	5,506

During the year two new executive directors were appointed to the Board of Tesco PLC. The emoluments figure stated above includes their emoluments since the date of their appointment.

The group operates a performance related incentive scheme for seven executive directors, payments under which are related to the cumulative growth in fully diluted earnings per share (excluding extraordinary items, net (loss)/surplus on sale of properties and after tax) over three year cycles.

The executive directors' salaries and performance related incentive scheme payments are determined by the Remuneration Committee, which does not include any directors participating in the scheme.

Performance related incentive payments have previously been included in directors' emoluments in the year of cash payment. These are now shown on a receivable basis such that they relate more closely to the results on which they are based. Accordingly the 1992 figures have been restated to the receivable basis.

Note 2 continued **Employment Costs**

The performance related incentive payments of £1.4m in the year represent the entitlement in 1992/93 in respect of the three year cycle from 1990/91 to 1992/93. Over this three year period earnings per share grew by 57%. The amount of £1.4m was charged against profit in those three years.

A cumulative provisional amount of £0.3m (1992 – £1.3m) has been accrued in respect of the scheme payments vesting in 1993/94 and 1994/95, of which £0.1m (1992 – £0.3m) relates to the Chairman.

The emoluments, excluding pension contributions, of the Chairman, who was also the highest paid director, are analysed as follows:

	1993 £000	1992 £000 (Restated)
Emoluments	624	606
Performance related incentive payments	343	397
	967	1,003

During the current year the directors and the Chairman also received cash payments under the performance related incentive scheme in respect of the three year cycle which ended in 1991/92, which are included in the restated figures for 1992.

Other directors' aggregate emoluments, excluding pension contributions but including, where appropriate, payments under the performance related incentive scheme, fall within the following scales:

	Number of directors 1993	1992 (Restated)
From £1 to £5,000	–	1
From £20,001 to £25,000	3	2
From £30,001 to £35,000	1	1
From £90,001 to £95,000	2	1
From £95,001 to £100,000	1	–
From £220,001 to £225,000	–	1
From £225,001 to £230,000	1	–
From £360,001 to £365,000	1*	–
From £405,001 to £410,000	1*	–
From £410,001 to £415,000	–	1*
From £430,001 to £435,000	1*	–
From £445,001 to £450,000	–	1*
From £530,001 to £535,000	1*	–
From £545,001 to £550,000	–	1*
From £555,001 to £560,000	1*	–
From £570,001 to £575,000	–	1*
From £620,001 to £625,000	–	1*
From £745,001 to £750,000	1*	–
From £775,001 to £780,000	–	1*

*Includes performance related incentive payments.

Details of share options granted to directors are given in note 19.

Note 3	**Interest**	1993 £m	1992 £m
	Interest receivable and similar income on Money Market investments and deposits	89.1	123.3
	Deduct interest payable on:		
	Short-term bank loans and overdrafts repayable within 5 years	(59.4)	(101.0)
	Finance charges payable on finance leases	(8.1)	(9.1)
	9% Convertible capital bond 2005	(17.9)	(18.3)
	4% Unsecured deep discount loan stock 2006 (a)	(6.8)	(6.8)
	E.C.S.C. loan 1996	(6.8)	(7.2)
	10¾% Bonds 2002	(20.6)	(1.9)
	¼% Deep discount bond 2012 (b)	(5.7)	(1.1)
	10½% Bonds 2015	–	(0.1)
	Interest capitalised	67.7	87.7
		(57.6)	(57.8)
		31.5	65.5

a) Interest payable on the 4% unsecured deep discount loan stock 2006 includes £1.8m (1992 – £1.8m) of discount amortisation.

b) Interest payable on the ¼% deep discount bond 2012 includes £5.6m (1992 – £1.1m) of discount amortisation.

Note 4 **Employee Profit Sharing**

This represents the amount allocated to the trustees of the profit sharing scheme and is based on the profit after interest before net (loss)/surplus on sale of properties and taxation.

Note 5	**Taxation**	1993 £m	1992 £m
	United Kingdom taxation		
	Corporation tax at 33.0% (1992 – 33.0%)	135.1	143.6
	Prior year items	2.8	(9.2)
	Deferred taxation	25.2	15.4
		163.1	149.8
	Overseas taxation		
	Corporate taxes	0.2	0.1
		163.3	149.9

Note 6	**Dividends**	1993 £m	1992 £m
	Declared interim – 2.25p per share (1992 – 2.00p)	43.7	38.8
	Proposed final – 4.85p per share (1992 – 4.30p)	95.0	83.5
		138.7	122.3

Note 7 Earnings Per Share & Fully Diluted Earnings Per Share

a) The earnings per share and fully diluted earnings per share excluding net (loss)/surplus on sale of properties have been calculated in addition to the disclosures required by SSAP3 and FRS 3 since in the opinion of the directors this will allow shareholders to consider the results of the trading operations of the business.

b) The calculation of the earnings per share, including and excluding net (loss)/surplus on sale of properties, is based on the profit on ordinary activities after taxation divided by the weighted average number of ordinary shares in issue during the year of 1,946,444,226 (1992 – 1,936,081,118).

c) The calculation of fully diluted earnings per share, including and excluding net (loss)/surplus on sale of properties, is based on the profit on ordinary activities after taxation and after adding:

i) the savings of interest net of corporation tax on the 9% convertible bonds assuming that they were converted in full into ordinary shares on the first day of the financial year.

ii) the interest income net of corporation tax which would have arisen had all the various ordinary share options granted under the company's various schemes been exercised on the first day of the financial year, or at the date granted if later, and the proceeds invested in 2½% Consolidated Stock on that day.

The amount so derived has been divided by the number of ordinary shares in issue at the beginning of the year together with the weighted average number of ordinary shares assumed to have been issued as indicated above.

Note 8 Tangible Fixed Assets

	Total Land and Buildings £m	Plant Equipment Fixtures & Fittings and Vehicles £m	Total £m
Cost			
At 29th February 1992	3,110.1	937.1	4,047.2
Additions at cost (a)	516.3	136.6	652.9
	3,626.4	1,073.7	4,700.1
Deduct disposals	70.1	34.1	104.2
At 27th February 1993	3,556.3	1,039.6	4,595.9
Depreciation			
At 29th February 1992	33.9	461.3	495.2
Charge for period	9.1	118.2	127.3
	43.0	579.5	622.5
Deduct disposals	0.5	19.8	20.3
At 27th February 1993	42.5	559.7	602.2
Net book value			
At 27th February 1993 (c)	3,513.8	479.9	3,993.7
At 29th February 1992 (c)	3,076.2	475.8	3,552.0
Capital work in progress included above (b)			
At 27th February 1993	191.6	10.3	201.9
At 29th February 1992	304.0	35.9	339.9

Note 8 continued **Tangible Assets**

Notes

a) Includes £46.1m (1992 - £59.6m) in respect of interest capitalised net of tax relief of £21.3m (1992 - £28.1m). Accumulated interest capitalised net of tax relief, included in the total cost above, amounts to £219.1m (1992 - £174.6m).

b) Capital work in progress does not include land.

c) Includes plant, equipment, fixtures and fittings subject to finance leases:

	Cost £m	Depreciation £m	Net Book Value £m
At 29th February 1992	163.4	75.2	88.2
Movement in the period	5.8	(0.5)	6.3
At 27th February 1993	169.2	74.7	94.5

d) The net book value of land and buildings comprises:

	1993 £m	1992 £m
Freehold	2,925.5	2,571.3
Long leasehold - 50 years or more	478.7	403.4
Short leasehold - less than 50 years	109.6	101.5
At 27th February 1993	3,513.8	3,076.2

Note 9 **Investments**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Subsidiary undertakings - shares at cost, less amounts written off (a)	-	-	14.9	14.9
Associated undertakings - at cost less provisions (b)	5.5	-	5.5	0.1
	5.5	-	20.4	15.0

a) The company's principal subsidiary undertakings are:

Tesco Stores Limited
Tesco Insurance Limited
Spen Hill Properties PLC
Glaston Spen Hill Limited
Tesco Stores Hong Kong Limited
Tesco Capital Limited
Tesco Property Holdings Limited

These subsidiary undertakings operate and are registered in England, with the exception of Tesco Insurance Limited which operates and is incorporated in Guernsey, Tesco Capital Limited, which is incorporated in Jersey and controlled and managed in the United Kingdom, and Tesco Stores Hong Kong Limited which operates and is incorporated in Hong Kong. The above subsidiary undertakings' shares are all wholly, directly or indirectly, owned by Tesco PLC.

Note 9 continued **Investments**

b) The group has one associated undertaking, Shopping Centres Limited, in which the group owns 50% of the allotted share capital (1992 – 50%). Glaston Spen Hill Limited, which was an associated undertaking as at 29th February 1992, became a wholly owned subsidiary undertaking during the year. The main activity of both companies is property investment. Both companies operate and are registered in England.

The net borrowings of associated undertakings, as at 27th February 1993, were as follows:

	1993 £m	1992 £m
Cash and deposits	20.1	0.4
Term bank loan – repayable 1999	(48.0)	(48.0)
Debenture stock – repayable 2001	(29.8)	(27.5)
Other loans (£10m from group undertakings)	(20.0)	(19.0)
	(77.7)	(94.1)

There is no recourse to group companies in respect of the borrowings of the associated undertakings apart from £1.0m (1992 – £14.0m) which has been guaranteed by Tesco PLC (Note 24).

Note 10 **Debtors**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Debtors falling due within one year:				
Amounts owed by group undertakings	–	–	120.9	1,289.1
Prepayments and accrued income	13.9	15.2	18.5	6.0
Other debtors	31.9	20.6	–	–
	45.8	35.8	139.4	1,295.1
Debtors falling due after one year:				
Amounts owed by group undertakings	–	–	2,050.0	800.0
Advance corporation tax recoverable	2.0	2.8	–	–
Other debtors	0.5	1.0	–	–
	2.5	3.8	2,050.0	800.0

Note 11 **Investments and Deposits**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Money Market deposits	237.8	298.9	226.3	288.0
Bonds and certificates of deposit (original cost £1.8m – 1992 £1.8m)	1.8	1.8	1.8	1.8
	239.6	300.7	228.1	289.8

Note 12 **Creditors**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Amounts falling due within one year				
Bank loans and overdrafts (a) (b)	40.1	17.6	249.9	247.4
Finance leases (Note 17)	30.9	24.5	-	-
Trade creditors	505.0	500.4	-	-
Corporation tax (c)	116.3	94.0	7.7	24.1
Other taxation and social security	21.8	45.5	0.7	0.7
Other creditors	178.3	175.3	16.5	23.2
Accrued charges	68.3	62.7	1.9	2.6
Proposed final dividend	95.0	83.5	95.0	83.5
	1,055.7	1,003.5	371.7	381.5

a) Bank borrowings within a subsidiary undertaking of £2.9m (1992 – £315.8m) have been offset against deposit balances with the same bank under a legal right of set-off.

b) Bank deposits at subsidiary undertakings of £209.8m (1992 – £243.0m) have been offset against borrowings in the parent company under a legal right of set-off.

c) The corporation tax liability represents the charge for the year after deducting tax relief for capitalised interest and advanced corporation tax recoverable.

Note 13 **Creditors**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Amounts falling due after more than one year				
4% Unsecured deep discount loan stock 2006 (a)	70.8	68.9	70.8	68.9
Finance leases (Note 17)	45.1	55.4	-	-
10½% Bonds 2015	-	0.1	-	0.1
10¼% Bonds 2002 (b)	200.0	200.0	200.0	200.0
¼% Deep discount bond 2012 (c)	50.0	50.0	56.7	50.0
E.C.S.C. Loan 1996 (d)	73.8	73.8	-	-
	439.7	448.2	327.5	319.0
Amounts owed to group undertakings	-	-	200.0	200.0
	439.7	448.2	527.5	519.0
Convertible capital bond (Note 15)	200.0	200.0	-	-
	639.7	648.2	527.5	519.0

a) The 4% unsecured deep discount loan stock is redeemable at a par value of £125m in 2006.

b) The 10¼% bonds are redeemable at a par value of £200m in 2002.

c) The ¼% deep discount bond is redeemable at a par value of £428.9m in 2012. The redemption value as at 27th February 1993 is £56.7m against which a deposit balance with the same bank of £6.7m has been offset under a legal right of set-off.

d) E.C.S.C. refers to the European Coal and Steel Community.

Note 14 **Net borrowings**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Due within one year				
Bank and other loans	40.1	17.6	249.9	247.4
Finance leases	30.9	24.5	-	-
Due within one to two years				
Bank and other loans	-	-	-	-
Finance leases	19.8	27.1	-	-
Due within two to five years				
Bank and other loans	73.8	73.8	-	-
Finance leases	23.7	27.9	-	-
Due wholly or in part by instalments after five years				
Finance leases	1.6	0.4	-	-
Due otherwise than by instalments after five years				
Bank and other loans	320.8	319.0	327.5	319.0
Convertible Capital Bond	200.0	200.0	-	-
Total Borrowings	710.7	690.3	577.4	566.4
Cash at bank and in hand	-	38.3	-	-
Money market investments and deposits	239.6	300.7	228.1	289.8
Net Borrowings	471.1	351.3	349.3	276.6

Note 15 **Convertible Capital Bond**

In July 1990 the group issued £200,000,000 of 9% convertible capital bonds. The convertible capital bonds are convertible into fully paid 9% exchangeable redeemable preference shares due 2005 in Tesco Capital Limited which are guaranteed on a subordinated basis by, and are exchangeable for fully paid ordinary shares in, Tesco PLC at an exchange price of £2.51 per ordinary share (after adjustment to take account of the 1991 Rights Issue).

Note 16 **Provisions for Liabilities and Charges**

	Amount Provided 1993 £m	1992 £m	Potential amount for deferred tax on all timing differences 1993 £m	1992 £m
Deferred taxation				
Excess of capital allowances over depreciation	**19.0**	19.0	**68.1**	46.6
Capital gains deferred by rollover relief	**–**	–	**18.8**	27.3
Short-term timing differences	**59.8**	34.6	**59.8**	34.6
	78.8	53.6	**146.7**	108.5

Deferred taxation balances in Tesco PLC relate to short-term timing differences.

Where possible taxation on capital gains has been or will be deferred by rollover relief under the provisions of the Taxes Acts.

Note 17 **Leasing Commitments**

a) Finance Leases

The future minimum finance lease payments to which the group was committed at 27th February 1993 and which have been guaranteed by Tesco PLC are:

	£m
Gross rental obligations	**91.4**
Deduct finance charges allocated to future periods	**15.4**
	76.0

	1993 £m	1992 £m
Net amounts payable are:		
Within one year	**30.9**	24.5
Between one and five years	**45.1**	55.4
	76.0	79.9

b) Operating Leases

Group commitments during the year to 26th February 1994 in terms of lease agreements expiring are as follows:

	1993 £m	1992 £m
Within one year	**0.5**	0.1
Between one and five years	**7.3**	3.9
Beyond five years	**69.2**	71.5
	77.0	75.5

Note 19 continued **Share Options**

Executive Share Option Scheme (1984)

Date of grant	Number of executives	Shares under option 27.02.93	Subscription price p
17.12.84	69	532,768	68.2
02.08.85	9	37,360	79.2
16.12.85	9	56,423	95.4
21.07.86	11	227,234	122.8
06.07.87	259	2,689,709	177.9
03.06.88	18	845,310	143.6
02.06.89	15	661,566	165.0
01.11.89	2,035	10,927,669	197.1
29.05.90	29	830,206	190.2
22.10.90	7	371,573	214.5
17.05.91	84	2,832,322	174.0
22.10.91	3	30,000	254.0
29.05.92	793	11,978,787	277.0
29.10.92	11	661,620	217.0

The subscription price and numbers of shares have been adjusted as a result of the rights issues in 1985 and 1991 and the capitalisation issue in 1987 as appropriate.

b) Directors' share options
Share Options granted to directors in the financial year

	Savings-Related Share Option Scheme 1991 Number of Shares	Executive Share Option Scheme 1984 Number of Shares
Sir Ian MacLaurin	6,250	
Mr A D Malpas	6,250	
Mr R S Ager		92,165
Mr J Gildersleeve	6,250	
Mr T P Leahy		82,949
Mr D E Reid	4,166	
Mr J M Wemms		102,641

The executive share option scheme subscription price was 217p and the options lapse in October 2002.

The savings related share option scheme subscription price was 174p and the options mature in February 1998.

Note 19 continued **Share Options**

Share Options exercised by directors in the financial year

	Executive Share Option Scheme 1984 Number of Shares	Subscription price per share pence	Savings-Related Share Option Scheme 1981 Number of Shares	Subscription price per share pence
Mr M Darnell	285,438	130.0 - 192.1		
Mr J Gildersleeve	397,116	143.6 - 192.1		
Mr D E Reid			4,621	160.1
Mr J M Wemms	136,602	143.6 - 165.0		

Share Options held by directors and not exercised at 27th February 1993

	Executive Share Option Scheme 1984 Number of Shares	Subscription price per share pence	Savings-Related Share Option Scheme 1981 Number of Shares	Subscription price per share pence
Sir Ian MacLaurin	1,115,902	143.6 - 274.0	10,916	154.3 - 174.0
Mr V W Benjamin	401,729	143.6 - 274.0	10,675	154.3 - 204.0
Mr A D Malpas	871,379	143.6 - 274.0	10,916	154.3 - 174.0
Mr R S Ager	331,998	143.6 - 274.0	11,546	130.0 - 204.0
Mr M Darnell	167,806	190.2 - 274.0	10,046	154.3 - 220.0
Mr J Gildersleeve	205,596	190.2 - 274.0	10,916	154.3 - 174.0
Mr F R N Krejsa	-	-	9,191	204.0
Mr T P Leahy	349,008	143.6 - 274.0	10,766	148.5 - 204.0
Baroness O'Cathain	-	-	9,191	204.0
Mr J M F Padovan	-	-	5,000	204.0
Mr D E Reid	635,348	143.6 - 274.0	10,175	154.3 - 204.0
Mr D C Tuffin	488,176	143.6 - 274.0	10,046	154.3 - 220.0
Mr J M Wemms	366,583	177.9 - 274.0	10,766	148.5 - 204.0

Between 27th February 1993 and 5th April 1993 there have been no changes in the number of share options held by the directors.

Note 20 **Reserves**

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
a) Share premium account				
At 29th February 1992	898.3	885.6	898.3	885.6
Rights Issue less costs	-	(0.8)	-	(0.8)
Premium on issue of shares less costs	20.0	8.4	20.0	8.4
Scrip dividend election	6.0	5.1	6.0	5.1
At 27th February 1993	924.3	898.3	924.3	898.3
b) Other reserves				
At 27th February 1993 and 29th February 1992	39.6	39.6	-	-

Note 20 continued **Reserves**

c) Profit and loss account	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
At 29th February 1992	**1,412.1**	1,138.1	**502.9**	498.5
Gain on foreign currency translation	**0.2**	0.7	**–**	–
Profit retained	**278.9**	273.3	**10.1**	4.4
At 27th February 1993	**1,691.2**	1,412.1	**513.0**	502.9

In accordance with section 230 of the Companies Act 1985 a profit and loss account for Tesco PLC, whose result for the year is shown above, has not been presented in these accounts.

The cumulative goodwill written off against the reserves of the group as at 27th February 1993 amounted to £194m (1992 – £194m).

Note 21 **Pension Commitments**

The group operates a defined benefit scheme for full-time employees, the assets of which are held as a segregated fund, administered by trustees.

The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial assessment of this scheme was at 6th April 1990. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9½% per annum with dividend growth of 5% per annum, that salary increases would average 7½% per annum and that pensions would increase at the rate of 5% per annum.

At the date of the latest actuarial valuation, the market value of the scheme's assets was £290m and the actuarial value of these assets represented 118% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Benefit improvements to members have been agreed with the trustees which have resulted in an increased company cost. This increasing ongoing cost has been offset by the amortisation of the surplus as a level percentage of pay over nine years.

The pension cost of this scheme to the group was £26.3m (1992 – £26.5m).

The group also operates a defined contribution pension scheme for part-time employees which was introduced on 6th April 1988. The assets of the scheme are held separately from those of the group, being invested with an insurance company. The pension cost represents contributions payable by the group to the insurance company and amounted to £5.7m (1992 – £4.8m). There were no material amounts outstanding to the insurance company at the year-end.

Note 22 **Post-Retirement Benefits other than Pensions**

The company operates a scheme offering post retirement healthcare benefits. In previous years the cost of providing these benefits was accounted for on the basis of cash payments made. This year the accounting basis has been changed to a basis similar to that used for defined benefit pension schemes.

The previously unrecognised liability as at 27th February 1993 of £7.5m, which was determined in accordance with the advice of qualified actuaries, is being spread forward over the service lives of relevant employees. A provision of £0.7m is being carried in the balance sheet reflecting £1.0m charged to the profit and loss account in the year less cash payments made. Comparatives have not been adjusted. It is expected that payments will be tax deductible, at the company's tax rate, when made.

Note 23 **Capital Commitments**

At 27th February 1993

a) There were commitments for capital expenditure of approximately £348m (1992 – £296m).

b) Capital expenditure authorised by the Board, but not contracted for, amounted to £648m (1992 – £733m).

c) Tesco PLC has entered into a conditional agreement to purchase 85% of the share capital of the French food retailer Etablissements Catteau S.A. for FF 1,261m, equivalent to £150m. The acquisition remains conditional on Catteau's results for the year ended 31st December 1992 meeting certain predetermined levels. The acquisition is expected to be completed in June 1993.

Note 24 **Contingent Liabilities**

a) Certain bank loans and overdraft facilities of associated undertakings have been guaranteed by Tesco PLC. At 27th February 1993, the amounts outstanding on these facilities were £1.0m (1992 – £14.0m).

b) During the year the company established an employee share ownership plan whereby an employee trust acquires shares in the company for the benefit of group employees. As part of these arrangements the company has entered into a guarantee to a UK bank to the extent of the cost of the shares, plus other costs including interest, up to a maximum of £13m.

Dividends on 4,889,336 shares held by the employee share ownership plan have been waived.

Note 25 **Reconciliation of operating profit to net cash inflow from operating activities**

	1993 £m	1992 £m
Operating profit	577.2	503.3
Employee profit sharing	(25.5)	(23.8)
Depreciation and amortisation	127.3	112.3
(Increase)/decrease in stock	(18.3)	9.8
(Increase)/decrease in debtors	(9.5)	14.6
Increase in trade creditors	4.6	49.1
(Decrease)/increase in other creditors	(16.6)	10.2
Miscellaneous items	0.2	0.9
Net cash inflow from operating activities	639.4	676.4

Note 26 **Analysis of changes in financing during the year**

	Share Capital (including Premium) £m	Net other Borrowings and Finance Lease Obligations £m
At 29th February 1992	995.3	480.4
Cash inflow from financing	20.7	51.1
Scrip dividend election	6.1	-
At 27th February 1993	1,022.1	531.5

Note 27 **Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

	1993 £m	1992 £m
Cash at bank and in hand	-	38.3
Money market investments and deposits	239.6	300.7
Bank loans and overdrafts	(40.1)	(17.6)
	199.5	321.4
Less: Deposits exceeding three months to maturity when acquired	(139.1)	(192.3)
	60.4	129.1

Note 28 **Analysis of changes in cash and cash equivalents during the year**

	1993 £m	1992 £m
At 29th February 1992	129.1	258.1
Net cash outflow	(68.7)	(129.0)
At 27th February 1993 (see Note 27)	60.4	129.1

DIRECTORS' RESPONSIBILITIES for the preparation of accounts

The Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Group at the end of each financial year and of its profit for the year. In preparing the financial statements, the Directors ensure that applicable accounting standards have been followed and that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used.

The Directors are also responsible for maintaining adequate accounting records and for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Group are properly safeguarded and that fraud and other irregularities will be prevented or detected.

AUDITORS' RESPONSIBILITIES

The Auditors are required to form an independent opinion on the financial statements presented by the Directors, based on their audit, and to report their opinion to the shareholders. The Companies Act 1985 also requires the auditors to report to shareholders if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that Directors' emoluments and other transactions with Directors are properly disclosed in the financial statements; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

AUDITORS' REPORT

Auditors' Report to the members of Tesco PLC

We have audited the financial statements on pages 30 to 50 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 27th February 1993 and of the profit and cash flows of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse Price Waterhouse

Chartered Accountants
and Registered Auditor
London
5th April 1993

FIVE YEAR RECORD

Year ended February	1989	1990	1991	1992[1]	**1993**	Compound growth over five years
Financial Statistics £m						
Turnover excluding VAT	4,717.7	5,401.9	6,346.3	7,097.4	**7,581.5**	13.0%
Operating profit	276.5	334.0	420.0	503.3	**577.2**	21.9%
Operating margin[2]	5.9%	6.2%	6.6%	7.1%	**7.6%**	
Interest receivable less payable	2.4	9.8	19.1	65.5	**31.5**	
Employee profit sharing	(13.6)	(17.2)	(22.0)	(23.8)	**(25.5)**	
Profit before net (loss)/surplus on sale of properties	265.3	326.6	417.1	545.0	**583.2**	21.6%
Net margin[2]	5.6%	6.0%	6.6%	7.7%	**7.7%**	
Net (loss)/surplus on sale of properties	10.7	35.0	19.1	0.5	**(2.3)**	
Profit before taxation	276.0	361.6	436.2	545.5	**580.9**	20.8%
Taxation	(89.7)	(107.8)	(133.5)	(149.9)	**(163.3)**	
Profit after taxation	186.3	253.8	302.7	395.6	**417.6**	22.6%
Earnings per share[3]	11.98p	15.87p	18.37p	20.43p	**21.45p**	15.7%
Fully diluted earnings per share (excluding net (loss)/ surplus on sale of properties)[3]	10.98p	13.35p	16.60p	19.95p	**20.97p**	17.5%
Dividends per share[3]	3.40p	4.17p	5.25p	6.30p	**7.10p**	20.7%
Net worth – £m[4]	1,031.3	1,254.1	2,159.9	2,447.0	**2,752.9**	26.0%
Return on shareholders' funds[5]	27.9%	28.6%	29.4%	23.7%	**22.4%**	
Return on capital employed[6]	22.1%	22.5%	21.2%	19.3%	**18.3%**	
Net assets per share[7] – pence	67	80	112	126	**141**	19.0%
Productivity £						
Turnover per employee[8]	89,449	99,400	106,044	119,246	**130,612**	9.7%
Profit per employee[8]	5,243	6,146	7,018	8,456	**9,944**	18.4%
Wages per employee[8]	8,695	10,009	10,579	12,250	**13,172**	11.0%
Weekly sales per sq ft[9,10]	12.30	13.61	15.06	15.47	**15.69**	5.8%
Retail Statistics						
Market share in food and drink shops[11]	8.0%	8.4%	9.0%	9.4%	**9.7%**	
Number of stores	374	379	384	396	**412**	
Total sales area – '000 sq ft[10]	7,986	8,442	8,956	9,661	**10,352**	
Sales area opened in year – '000 sq ft[10]	514	718	798	889	**859**	
Average store size (sales area) – sq ft[10]	21,400	22,300	23,300	24,400	**25,100**	
Average sales area of stores opened in the year – sq ft[10]	32,100	31,300	38,100	35,500	**34,400**	
Full-time equivalent employees[12]	52,742	54,345	59,846	59,519	**58,046**	
Share Price – pence						
Highest	169	216	246	296	**293**	
Lowest	129	151	194.5	207	**197.5**	
Year End	153	196	246	271	**235**	

Notes

1 53 week period.
2 Based upon turnover exclusive of value added tax.
3 Adjusted in respect of 1991 rights issue.
4 Total shareholders' funds at the year end.
5 Profit before net (loss)/surplus on sale of properties divided by weighted average shareholders' funds.
6 Profit before net (loss)/surplus on sale of properties and interest divided by average capital employed.
7 Based on the number of shares at the year end.
8 Based on full-time equivalent number of employees, turnover exclusive of value added tax and operating profit.
9 Based on weighted average sales area and turnover inclusive of value added tax.
10 Store sizes were amended in 1993 to exclude lobby and restaurant areas (prior year figures have been restated accordingly).
11 Based on Tesco food, grocery, non-food and drink sales and Institute of Grocery Distribution/ Department of Trade and Industry data.
12 Based on average number of full-time equivalent employees in the United Kingdom.

INVESTORS' INFORMATION

Shareholder profile
as at 27th February 1993

Analysis by type of shareholder	Number of shareholders	Percentage of number of shareholders	Number of ordinary shares	Percentage of ordinary shares
Individuals	95,615	75.2	185,318,795	9.5
Corporate, Institutional and Nominees	31,604	24.8	1,769,843,523	90.5
	127,219	100.0	1,955,162,318	100.0
Analysis by size of shareholding				
1 - 1,000	68,800	54.1	17,195,560	0.9
1,001 - 10,000	52,186	41.0	150,523,454	7.7
10,001 - 100,000	5,069	4.0	127,173,056	6.5
100,001 - 1,000,000	888	0.7	296,125,134	15.1
Above 1,000,000	276	0.2	1,364,145,114	69.8
	127,219	100.0	1,955,162,318	100.0

FINANCIAL DIARY

Year end
Last Saturday in February

Half-year's results announced
Late September

Year's results announced
Early April (5 weeks after the year end)

Annual Report and Accounts despatched
Mid April (8 weeks after the year end)

Annual General Meeting held
Late May

Dividend
Interim announced mid September and paid in late November
Final announced early April and paid in early July

Interest
4% Deep Discount Loan Stock paid 31st January and 31st July
9% Convertible Bonds (2005) paid 12th February and 12th August
10¼% Bonds paid 28th January

Scrip Dividend
The company offers shareholders the option to receive ordinary shares in lieu of cash dividends. The Directors believe this offers a significant benefit to shareholders in enabling them to increase their shareholding in the company without paying any dealing costs, stamp duty or stamp duty reserve tax.

Personal Equity Plans
For shareholders and potential investors who are interested in holding Tesco shares through a Corporate Personal Equity Plan (PEP) both a General PEP and a Single Company PEP now exist. If you wish to receive information regarding these schemes, please contact the Plan Manager, Bradford and Bingley (PEPs) Limited (PO Box 50), Main Street, Bingley, West Yorkshire BD16 2LW.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the forty-fifth Annual General Meeting of Tesco PLC will be held at the Merchant Taylors' Hall, 30 Threadneedle Street, London EC2 on Friday 28th May 1993 at 11.00 am for the following purposes:

1. To receive and adopt the directors' report and accounts for the 52 weeks ended 27th February 1993 (Resolution 1).

2. To declare a final dividend on the ordinary share capital of the company (Resolution 2).

3. To re-elect the following directors: Mr V W Benjamin (Resolution 3), Mr J Gildersleeve (Resolution 4), Mr D C Tuffin (Resolution 5), Mr R S Ager (Resolution 6), Mr T P Leahy (Resolution 7) and Mr G F Pimlott (Resolution 8).

4. To re-appoint Price Waterhouse as auditors to hold office until the conclusion of the next Annual General Meeting (Resolution 9).

5. To authorise the directors to fix the remuneration of the auditors (Resolution 10).

6. To transact any other ordinary business of the meeting.

7. To consider and if thought fit to pass the resolutions set out in the enclosed notice of special business.

By Order of the Board
ROWLEY AGER
Secretary

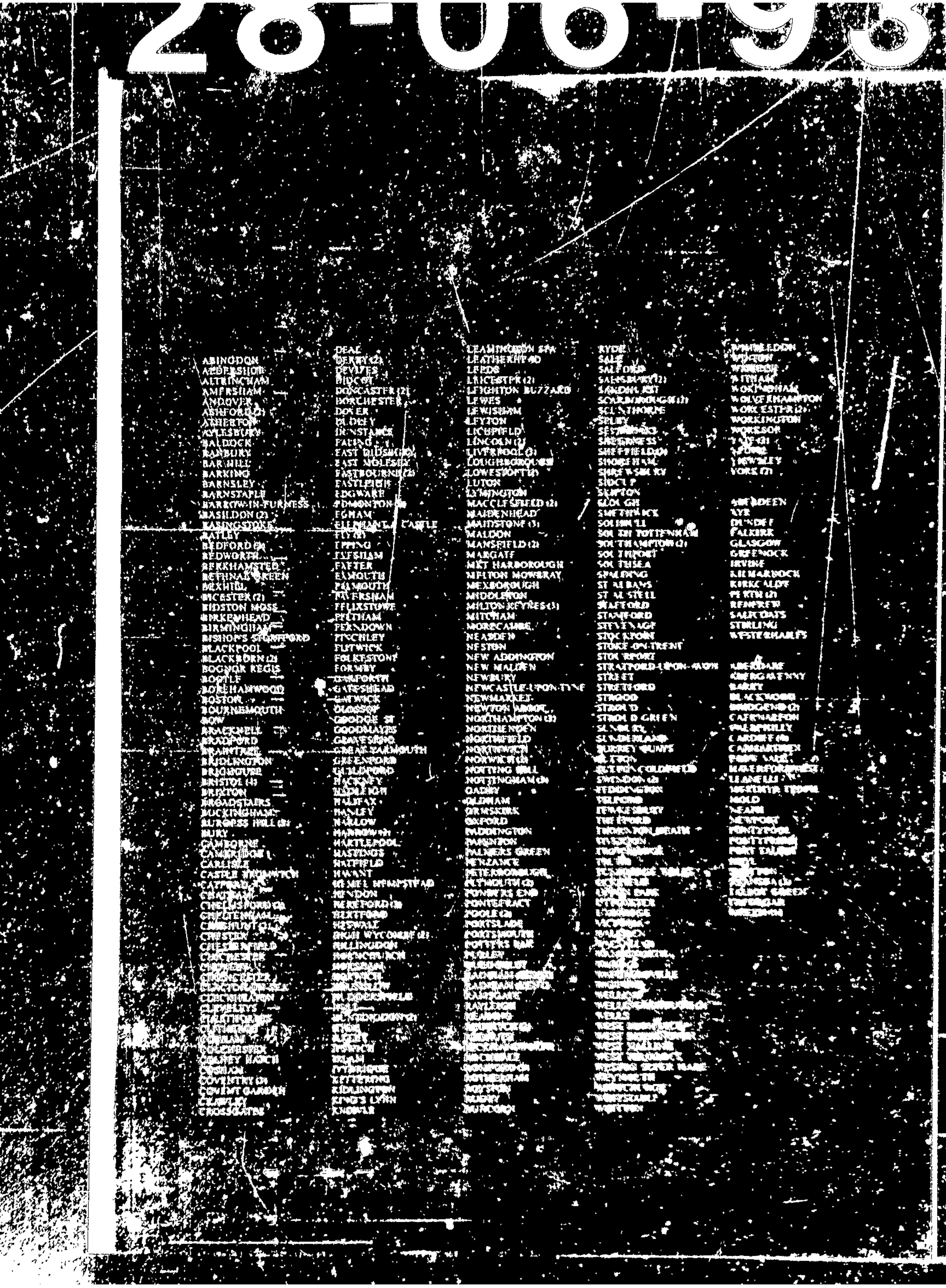
Dated 22nd April 1993

Tesco House
Delamare Road
Cheshunt
Hertfordshire
EN8 9SL

Notes

1. Any member of the company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. Such proxy need not be a member of the company. To be effective, proxy forms must be received at the office of the Registrars of the company not less than 48 hours before the time fixed for the meeting.

2. There will be available for inspection at the registered office of the company, Tesco House, Delamare Road, Cheshunt, Hertfordshire, during usual business hours (Saturdays excepted) from 22nd April 1993, until the date of the Annual General Meeting, all contracts of service of the directors with the Company or any of its subsidiaries. The contracts of service will also be available for inspection during the Annual General Meeting and for at least 15 minutes before it begins.


28-06-93
ABINGDON
ALTRINCHAM
AMERSHAM
ANDOVER
ASHFORD (2)
AYLESBURY
BALDOCK
BANBURY
BAR HILL
BARKING
BARNSLEY
BARNSTAPLE
BARROW-IN-FURNESS
BASILDON (2)
BASINGSTOKE
BATLEY
BEDFORD
BEDWORTH
BERKHAMSTED
BETHNAL GREEN
BEXHILL
BICESTER (2)
BIDSTON MOSS
BIRKENHEAD
BIRMINGHAM
BISHOP'S STORTFORD
BLACKPOOL
BLACKBURN (2)
BOGNOR REGIS
BOOTLE
BOREHAMWOOD
BOSTON
BOURNEMOUTH
BOW
BRACKNELL
BRADFORD
BRAINTREE
BRIDLINGTON
BRIGHOUSE
BRISTOL (4)
BRIXTON
BROADSTAIRS
BUCKINGHAM
BURGESS HILL
BURY
CAMBORNE
CARLISLE
CASTLE BROMWICH
CHELMSFORD
CHESTER
CHESTERFIELD
CHICHESTER
CIRENCESTER
CLACTON-ON-SEA
COLCHESTER
COVENTRY
COVENT GARDEN
CRAWLEY
CROSSGATES
DEAL
DERBY (2)
DEVIZES
DIDCOT
DONCASTER (2)
DORCHESTER
DOVER
DUDLEY
DUNSTABLE
EALING
EAST GRINSTEAD
EAST MOLESEY
EASTBOURNE (2)
EASTLEIGH
EDGWARE
EDMONTON
EGHAM
ELEPHANT & CASTLE
EPPING
EVESHAM
EXETER
EXMOUTH
FALMOUTH
FAVERSHAM
FELIXSTOWE
FELTHAM
FERNDOWN
FINCHLEY
FLITWICK
FOLKESTONE
FORMBY
GATESHEAD
GATWICK
GLOSSOP
GOODGE ST
GOODMAYES
GRAVESEND
GREAT YARMOUTH
GREENFORD
GUILDFORD
HACKNEY
HADLEIGH
HALIFAX
HANLEY
HARLOW
HARTLEPOOL
HASTINGS
HATFIELD
HAVANT
HEMEL HEMPSTEAD
HENDON
HEREFORD
HERTFORD
HESWALL
HIGH WYCOMBE (2)
HILLINGDON
HUDDERSFIELD
IPSWICH
KETTERING
KIDLINGTON
KING'S LYNN
KNOWLE
LEAMINGTON SPA
LEATHERHEAD
LEEDS
LEICESTER (2)
LEIGHTON BUZZARD
LEWES
LEWISHAM
LEYTON
LICHFIELD
LINCOLN (2)
LIVERPOOL (3)
LOUGHBOROUGH
LOWESTOFT (2)
LUTON
LYMINGTON
MACCLESFIELD (2)
MAIDENHEAD
MAIDSTONE (3)
MALDON
MANSFIELD (2)
MARGATE
MKT HARBOROUGH
MELTON MOWBRAY
MEXBOROUGH
MIDDLETON
MILTON KEYNES (3)
MITCHAM
MORECAMBE
NEASDEN
NESTON
NEW ADDINGTON
NEW MALDEN
NEWBURY
NEWCASTLE-UPON-TYNE
NEWMARKET
NORTHAMPTON (3)
NORTHFIELD
NORTHWICH
NORWICH
NOTTING HILL
NOTTINGHAM
OLDHAM
ORMSKIRK
OXFORD
PADDINGTON
PALMERS GREEN
PENZANCE
PETERBOROUGH
PLYMOUTH
PONDERS END
PONTEFRACT
POOLE
PORTSLADE
PORTSMOUTH
POTTERS BAR
RAYLEIGH
READING
RUNCORN
RYDE
SALE
SALFORD
SALISBURY (2)
SANDHURST
SCARBOROUGH
SCUNTHORPE
SHEFFIELD
SIDCUP
SKIPTON
SLOUGH
SMETHWICK
SOLIHULL
SOUTH TOTTENHAM
SOUTHAMPTON (2)
SOUTHPORT
SOUTHSEA
SPALDING
ST ALBANS
ST AUSTELL
STAFFORD
STAMFORD
STEVENAGE
STOCKPORT
STOKE-ON-TRENT
STRATFORD-UPON-AVON
STREET
STRETFORD
STROOD
STROUD
STROUD GREEN
SUNBURY
SUNDERLAND
SWINDON
TELFORD
TEWKESBURY
WELLS
WEST MALLING
WHITTON
WIMBLEDON
WOKINGHAM
WOLVERHAMPTON
WORCESTER (2)
WORKINGTON
WORKSOP
YEOVIL
YORK (2)
ABERDEEN
AYR
DUNDEE
FALKIRK
GLASGOW
GREENOCK
IRVINE
KILMARNOCK
KIRKCALDY
PERTH
RENFREW
SALTCOATS
STIRLING
ABERGAVENNY
BARRY
BRIDGEND
CAERNARFON
CAERPHILLY
CARDIFF
CARMARTHEN
LLANELLI
MERTHYR TYDFIL
MOLD
NEWPORT
PONTYPOOL
PORT TALBOT
SWANSEA

Note 18 **Called Up Share Capital**

Authorised: £135,500,000 (1992 – £135,500,000)

	Ordinary shares of 5p each Number	£m
Issued:		
Issued at 29th February 1992	1,939,941,724	97.0
Scrip dividend election	2,387,855	0.1
Share options exercised	12,832,739	0.7
Issued at 27th February 1993	1,955,162,318	97.8

a) Between 27th February and 5th April 1993, options on 30,442 ordinary shares and 273,314 ordinary shares have been exercised under the terms of the Savings-Related Share Option Scheme (1981) and the Executive Share Option Scheme (1984) respectively.

As at 27th February 1993 the directors were authorised to purchase up to a maximum in aggregate of 195,516,231 ordinary shares.

Note 19 **Share Options**

a) Company Schemes

The company had two principal share option schemes in operation during the year:

i) The Savings-Related Share Option Scheme (1981) permits the grant to employees of options in respect of ordinary shares linked to a building society save-as-you-earn contract for a term of five years with contributions from employees of an amount between £10 and £250 per month. Options are capable of being exercised at the end of the five-year period at a subscription price not less than 80% of the middle market quotation of an ordinary share immediately prior to the date of grant.

ii) The Executive Share Option Scheme (1984) permits the grant of options in respect of ordinary shares to selected executives. Options are generally exercisable between three and ten years from the date of grant at a subscription price determined by the Board but not less than the middle market quotation within the period of 30 days prior to the date of grant. Some options have been granted at a discount of 15% of the standard option price but the option holder may only take advantage of that discount if, in accordance with investor protection ABI guidelines, certain targets related to earnings per share are achieved.

The company has granted outstanding options in connection with the two schemes as follows:

Savings-Related Share Option Scheme (1981)

Date of grant	Number of executives and employees	Shares under option 27.02.93	Subscription price p
01.06.88	2,123	2,950,625	130.0
02.06.89	3,324	3,646,586	148.5
03.11.89	4,144	6,358,355	154.3
01.06.90	5,211	6,613,952	152.3
24.05.91	8,782	7,650,504	220.0
24.10.91	10,447	12,150,054	204.0
29.10.92	14,702	20,172,017	174.0