

TESCO (OVERSEAS) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered Number: 1611684



## **TESCO (OVERSEAS) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011**

The Directors present their report and the audited financial statements of Tesco (Overseas) Limited (the "Company") for the 52 week period ended 26 February 2011 (prior period 52 weeks ended 27 February 2010)

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

The principal activity of the Company is act as a holding company for Tesco PLC group entities. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

#### **Results and dividends**

The results for the period show a pre-tax profit of £3.9m (2010: £7.7m).

During the period the Directors authorised payment of interim dividends totalling £11.5m (2010: nil).

#### **Principal risks and uncertainties**

The Company acts as a holding company therefore, from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on page 51 of the Tesco PLC group annual report for the 52 weeks ending 26 February 2011 which does not form part of this report.

#### **Charitable and political contributions**

There were no charitable or political donations for the period (2010: none).

#### **Future outlook**

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on page 34 of the Group's Annual Report for the 52 weeks ended 26 February 2011, which does not form part of this report.

#### **Going concern**

The Company's ultimate parent undertaking will continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

#### **Key performance indicators (KPI's)**

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the UK operations of the Tesco PLC Group (the "Group"), which includes the Company, is discussed on pages 48 to 49 of the Group's annual report which does not form part of this report.

#### **Research and development**

The Company does not undertake any research and development activities.

## **TESCO (OVERSEAS) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **Supplier payment policy**

The Company does not have any direct supplier relationships. Any relationships with suppliers are handled through Tesco Stores Limited. The Group policy and practice in relation to its suppliers is disclosed in Tesco Stores Limited's annual report.

The Company's ultimate parent company, Tesco PLC, is a signatory to the Prompt Payment Code. More information about the Code can be found at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk). Payment terms and conditions are agreed with suppliers in advance. Tesco PLC has no trade creditors on its Balance Sheet. The Group pays its creditors on a pay on time basis which varies according to the type of product and territory in which the suppliers operate.

#### **Employees**

The Company had no employees during the period (2010: none).

#### **Directors and their interests**

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

A Higginson  
J Lloyd  
L Neville-Rolfe

Save as set out below, none of the Directors had any disclosable interests in the Company during this period.

L Neville-Rolfe and A Higginson are also directors of Tesco PLC, the Company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC directors listed above and the Tesco PLC company secretary (who is also a Director of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial period.

#### **Cautionary statement regarding forward-looking information**

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

## **TESCO (OVERSEAS) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

Each Director who is a director of the Company at the date of approval of this Annual Report confirms that

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

#### **Independent auditors**

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

20 July 2011



J. Lloyd  
Director

Tesco (Overseas) Limited

Registered Number 1611684

Registered office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO (OVERSEAS) LIMITED**

**PricewaterhouseCoopers LLP**  
10 Bricket Road  
St Albans AL1 3JX  
Telephone +44 (0) 1727 844155  
Facsimile +44 (0) 1727 845039

We have audited the financial statements of Tesco (Overseas) Limited for the period ended 26 February 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 26 February 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

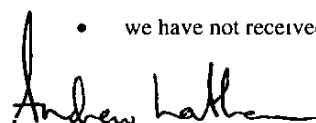
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



*Andrew Latham (Senior Statutory Auditor)*  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
20 July 2011

## TESCO (OVERSEAS) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

	Notes	52 weeks to 26 February 2011 £'000	52 weeks to 27 February 2010 £'000
Income from shares in group undertakings		3,866	7,650
<b>Profit on ordinary activities before taxation</b>		<b>3,866</b>	<b>7,650</b>
Tax on profit/(loss) on ordinary activities	3	-	-
<b>Profit for the financial period</b>	9/10	<b>3,866</b>	<b>7,650</b>

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents


All operations are continuing for the financial period

The notes on pages 8 to 12 form part of these financial statements

**TESCO (OVERSEAS) LIMITED****BALANCE SHEET AS AT 26 FEBRUARY 2011**

		26 February 2011 £'000	27 February 2010 £'000
	Notes		
<b>Fixed assets</b>			
Investments	5	607,370	414,113
		<b>607,370</b>	<b>414,113</b>
<b>Current assets</b>			
Debtors – amounts falling due within one year	6	-	7,650
		-	7,650
Creditors – amounts falling due within one year	7	(532,543)	(381,295)
<b>Net current (liabilities)</b>		<b>(532,543)</b>	<b>(381,295)</b>
<b>Net assets</b>		<b>74,827</b>	<b>40,468</b>
<b>Capital and reserves</b>			
Called up share capital	8	8,948	8,948
Share premium	9	65,827	23,818
Profit and loss account	9	52	7,702
<b>Total equity shareholder's funds</b>	10	<b>74,827</b>	<b>40,468</b>

The financial statements on pages 6 to 12 were approved by the board of Directors on 20 July 2011 and were signed on its behalf by

  
J Lloyd  
Director  
Tesco (Overseas) Limited  
Registered Number 1611684

# **TESCO (OVERSEAS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, group financial statements have not been prepared because the Company is a wholly owned subsidiary of Tesco PLC, incorporated in England and Wales.

#### **Going concern**

The Company's ultimate parent undertaking has confirmed that it will continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

#### **Cash flow statement**

The Company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

#### **Fixed asset investments**

Fixed asset investments in subsidiaries and associates are stated at cost plus incidental expenses less, where appropriate, provisions for impairment.

#### **Foreign currencies**

Transactions in foreign currencies are translated into pounds sterling at the exchange rate on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into pounds sterling at the exchange rates prevailing at the Balance Sheet date. All foreign exchange differences are taken to the Profit and Loss Account for the period.

#### **Current taxation**

The amount included in the Profit and Loss Account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

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

The Company may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.



## TESCO (OVERSEAS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

#### 2. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2010 £nil)

The Company had no employees during the period (2010 none)

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

#### 3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

##### Factors that have affected the tax charge

The overall corporation tax rate for the Company for the full period is 28% (2010 28%)

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
<b>Current tax.</b>		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
<b>Total current tax</b>	-	-
<b>Tax on profit on ordinary activities</b>	-	-

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
Profit on ordinary activities before tax	3,866	7,650
Profit on ordinary activities multiplied by standard rate in the UK 28% (2010 28%)	1,082	2,142
Effects of		
Group relief received without payment	(1,082)	(2,142)
<b>Current tax charge/(credit) for the financial period</b>	-	-

#### 4. DIVIDENDS

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
Equity ordinary interim dividends paid £1 29 (2010 £nil) per share	11,516	-

# TESCO (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

### 5. FIXED ASSET INVESTMENTS

	Group companies £'000
<b>Cost</b>	
At 27 February 2010	414,113
Additions	193,257
<b>At 26 February 2011</b>	<b>607,370</b>
<b>Provision for impairment</b>	
At 27 February 2010	252
Provision for impairment	-
<b>At 26 February 2011</b>	<b>252</b>
<b>Net book value</b>	
<b>At 26 February 2011</b>	<b>607,370</b>
At 27 February 2010	414,113

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

On 25 May 2010, the company acquired one ordinary share in China Property Holdings (HK) Limited at a cost of RMB 1.5 billion

On 22 December 2010, the company acquired 505,303,500 shares in China Property Holdings (HK) Limited for a total consideration of US\$65m

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

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
ELH Insurance Limited	Guernsey	100%	Insurance Company
China Property Holdings (Hong Kong) Limited	Hong Kong	100%	Property Company

### 6. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed by group undertakings	-	7,650
	-	7,650

Included within amounts owed by group undertakings are amounts that are unsecured, have no fixed date of repayment and are repayable on demand

# TESCO (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

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

	2011 £'000	2010 £'000
Amounts owed to group undertakings	532,543	381,295
	<b>532,543</b>	<b>381,295</b>

Included within amounts owed to group undertakings are amounts that are unsecured, have no fixed date of repayment and are repayable on demand

### 8. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Allotted, called up and fully paid		
8,947,764 Ordinary shares of £1 each (2010 8,947,763)	8,948	8,948

### 9. RESERVES

	Share Premium £'000	Profit and loss reserve £'000
As at 27 February 2010	23,818	7,702
Profit for the financial period	-	3,866
Dividends (note 4)	-	(11,516)
Premium on share issues	42,009	-
<b>As at 26 February 2011</b>	<b>65,827</b>	<b>52</b>

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 26 FEBRUARY 2011

	2011 £'000	2010 £'000
Profit for the financial period	3,866	7,650
Dividends (note 4)	(11,516)	-
<b>Retained profit for the financial period</b>	<b>(7,650)</b>	<b>7,650</b>
Net proceeds of issue of ordinary share capital	42,009	23,818
<b>Net additions to shareholders' funds</b>	<b>34,359</b>	<b>31,468</b>
Opening shareholders' funds	40,468	9,000
<b>Closing shareholders' funds</b>	<b>74,827</b>	<b>40,468</b>

## **TESCO (OVERSEAS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)**

#### **11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate and ultimate parent undertaking and controlling party is Tesco PLC, which registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

#### **12. RELATED PARTY TRANSACTIONS**

Transactions with other subsidiary companies within the group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, are available at the address noted above.