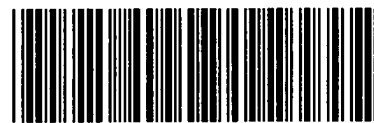


DILLONS NEWSAGENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

Registered Number: 140624

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DILLONS NEWSAGENTS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

The Directors present their Report and the audited financial statements of Dillons Newsagents Limited (the "Company") for the 52 weeks ended 22 February 2014 (prior 52 weeks ended 23 February 2013).

Business review and principal activities

The principal activity of the Company is to act as a holding company for Alfred Preedy & Sons (Trustees) Limited and Alfred Preedy & Sons Limited. 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 loss of £20,000 (2013: pre-tax loss of £20,000).

The Directors do not recommend payment of an ordinary dividend for the 52 weeks ended 22 February 2014 (2013: £nil).

The Company paid preference dividends amounting to £20,000 (2013: £20,000).

The retained loss for the 52 weeks ended 22 February 2014 amounted to £20,000 (2013: £20,000).

Principal risks and uncertainties

The main risk to the company is the availability of funds to meet its financial obligations.

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 pages 20 to 25 of the Tesco PLC Group Annual Report for the 52 weeks ending 22 February 2014 which does not form part of this Report.

Political donations

There were no political donations for the period (2013: 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 and the Company will continue to pay its preference dividend in the next financial period.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on pages 12 to 15 of the Group's Annual Report for the 52 weeks ended 22 February 2014, which does not form part of this Report.

Key performance indicators (KPIs)

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 operations of the Tesco PLC Group (the "Group"), which includes the Company, is discussed on pages 16 to 18 of the Group's Annual Report which does not form part of this report.

DILLONS NEWSAGENTS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

Research and development

The Company does not undertake any research and development activities.

Employees

The Company had no employees during the period (2013: none).

Directors and their interests

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

M Everitt
J Lloyd
A Reed
Tesco Services Limited

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 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, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period.

Strategic Report

The Directors have taken advantage of the exemption provided by section s414 (b) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a Strategic Report.

DILLONS NEWSAGENTS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (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.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law 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 these 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

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

27 October 2014



J. Lloyd
Director

Dillons Newsagents Limited

Registered Number: 140624

Registered Office: Apex Road, Brownhills, Walsall, West Midlands, WS8 7TS, United Kingdom

DILLONS NEWSAGENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DILLONS NEWSAGENTS LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 22 February 2014 and of its loss 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Dillons Newsagents Limited, comprise:

- the Balance Sheet as at 22 February 2014;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter 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.

DILLONS NEWSAGENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DILLONS NEWSAGENTS LIMITED (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities 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 ISAs (UK & 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.



Dáša Brynjolfsson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

27 October 2014

DILLONS NEWSAGENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

	Notes	52 weeks to 22 February 2014 £'000	52 weeks to 23 February 2013 £'000
Interest payable and similar charges	5	(20)	(20)
Loss on ordinary activities before taxation		(20)	(20)
Tax on loss on ordinary activities	6	-	-
Total comprehensive loss for the financial period		(20)	(20)

There are no recognised gains or losses other than those shown in the Statement of Comprehensive Income above.

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

All operations are continuing for the financial period.

The notes on pages 10 to 15 form part of these financial statements.

DILLONS NEWSAGENTS LIMITED

BALANCE SHEET AS AT 22 FEBRUARY 2014

		22 February 2014 £'000	23 February 2013 £'000
	Notes		
Fixed assets			
Investments	7	28	28
Current assets			
Debtors: amounts falling due within one year	8	119,778	119,798
Current liabilities			
Creditors: amounts falling due within one year	9	(70,543)	(70,543)
Net current assets		49,235	49,255
Total assets less current liabilities		49,263	49,283
Creditors: amounts falling due after more than one year	10	(400)	(400)
Net assets		48,863	48,883
Capital and reserves			
Share capital	11	5,353	5,353
Share premium account		28,931	28,931
Other reserves		160	160
Retained earnings		14,419	14,439
Total equity		48,863	48,883


J Lloyd
Director

27 October 2014

DILLONS NEWSAGENTS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014**

	Share capital	Share premium	Other Reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 25 February 2012	5,353	28,931	160	14,459	48,903
Total comprehensive loss	-	-	-	(20)	(20)
At 23 February 2013	5,353	28,931	160	14,439	48,883
Total comprehensive loss	-	-	-	(20)	(20)
At 22 February 2014	5,353	28,931	160	14,419	48,863

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Dillons Newsagents Limited (the "Company") for the year ended 22 February 2014 were authorised for issue by the Board of Directors on 10 October 2014 and the Balance Sheet was signed on the Board's behalf by J Lloyd. Dillons Newsagents Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as Statusfloat Limited holds more than 50% of the allotted shares in the Company and notice requesting the preparation of group accounts has not been served on the Company by shareholders holding in aggregate – i) more than half of the remaining allotted shares in the Company, or (ii) 5% of the total allotted shares in the Company.

The results of Statusfloat Limited are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 1 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 26 February 2012. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with UK GAAP was not material on the shareholders' equity as at the date of transition and as at 22 February 2014 and on the profit or loss for the year ended 22 February 2014.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out below.

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

2. ACCOUNTING POLICIES (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant accounting policies

Fixed asset investments

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

Impairment of fixed assets

At each Balance Sheet date the Company reviews the carrying amounts of the fixed assets to determine whether there is any need for impairment in accordance with IAS 36 "Impairment of Assets". Any impairment is recognised in the Income Statement in the period in which it occurs.

Debtors

Debtors are amounts due from Group undertakings. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Creditors

Creditors are amounts owed to Group undertakings. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the balance sheet date. Tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in the Statement of Changes in Equity.

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 Statement of Comprehensive Income.

3. AUDITORS' REMUNERATION

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

4. STAFF COSTS AND DIRECTORS' REMUNERATION

The Directors received no emoluments for their services to the Company (2013: £nil).

The Company had no employees during the period (2013: none).

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 22 Feb 2014 £'000	52 weeks to 23 Feb 2013 £'000
Preference share dividend payable	20	20

During the period, a dividend was payable on preference shares of £20,000 at 5p per £1 share (2013: £20,000 at 5p per £1 share).

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 24% to 23% with effect from 1 April 2013. This gives an overall blended Corporation Tax rate for the Company for the full year of 23.1% (2013: 24.2%).

Tax charged in the statement of comprehensive income

	52 weeks to 22 Feb 2014 £'000	52 weeks to 23 Feb 2013 £'000
Current income tax:		
UK Corporation tax	-	-
Tax expense in the statement of comprehensive income	-	-

Reconciliation of total tax charge

The tax assessed for the period is higher (2013: higher) than the blended rate of corporation tax in the UK of 23.1% (2013: 24.2%). The differences are explained below:

	52 weeks to 22 Feb 2014 £'000	52 weeks to 23 Feb 2013 £'000
Loss on ordinary activities before tax	(20)	(20)
Loss on ordinary activities multiplied by blended rate in the UK 23.1% (2013: 24.2%)	(5)	(5)
Effects of:		
Expenses not deductible for tax purposes	5	5
Current tax charge for the financial period	-	-

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

7. INVESTMENTS

	Group companies £'000
Cost	
At 24 February 2013	40
At 22 February 2014	40
Provision for impairment	
At 24 February 2013	12
Provision for impairment	-
At 22 February 2014	12
Net book value	
At 22 February 2014	28
At 23 February 2013	28

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

Details of Group undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 23 February 2013 and 22 February 2014 are as follows:

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
Alfred Preedy & Sons Limited	England and Wales	100%	Dormant
Alfred Preedy & Sons (Trustees) Limited	England and Wales	100%	Dormant

8. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	119,778	119,798

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

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	70,523	70,523
Accruals and deferred income	20	20
	70,543	70,543

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Authorised:		
70,000,000 fixed rate preference shares of £1 each (2013: 70,000,000)	70,000	70,000
Allotted, called up and fully paid:		
400,000 fixed rate preference shares of £1 each (2013: 400,000)	400	400

The fixed rate preference shares confer on the holder the right to receive a cumulative fixed dividend of 5% (2013: 5%). On the winding up of the company, the fixed rate preference shares shall be redeemed in priority to ordinary shares, together with any arrears of dividend.

The fixed rate preference Shareholders have the right to vote at the general meetings of the company.

11. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised:		
24,000,000 Non-voting ordinary shares of 25p each (2013: 24,000,000)	6,000	6,000
Allotted, called up and fully paid:		
21,412,328 Non-voting ordinary shares of 25p each (2013: 21,412,328)	5,353	5,353

The non-voting ordinary Shareholders have the right to vote at the general meetings only in resolutions varying the rights of the non-voting ordinary Shareholders.

DILLONS NEWSAGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Statusfloat Limited.

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The Company is included within the Tesco PLC Group financial statements which are publicly available.

13. RELATED PARTY TRANSACTIONS

The Company had taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.