

KANSAS TRANSPORTATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered Number: 5437715

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KANSAS TRANSPORTATION LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

The Directors present their report and the audited financial statements of Kansas Transportation 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 to lease two planes and receive revenue from the rentals of the planes. There has been no significant change in the nature of this activity but on 5 April 2011 and 20 July 2011 the Company leased a further two planes so the level of this activity is expected to increase throughout the next financial period.

Results and dividends

The results for the period show a pre-tax profit of £nil (2010 nil) and rental income of £7,870,493 (2010 £5,353,550).

The Directors do not recommend payment of a dividend for the 52 weeks ended 26 February 2011 (2010 £nil).

The company has net assets of £1 (2010 £1).

Principal risks and uncertainties

From the perspective of the Company, the principal risks are market demand for plane rental and financial risk in meeting its leasing commitments. All other 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.

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.

Research and development

The Company does not undertake any research and development activities.

KANSAS TRANSPORTATION 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 PLC'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. Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its balance sheet.

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
L Neville-Rolfe
J Lloyd

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

A Higginson and L Neville-Rolfe 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.

KANSAS TRANSPORTATION 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 21 November 2011


J Lloyd
Director
Kansas Transportation Limited
Registered number 5437715

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KANSAS TRANSPORTATION LIMITED

PricewaterhouseCoopers LLP
10 Bricket Road, St Albans, AL1 3JX
Telephone +44 (0)1727 844155
Facsimile +44 (0)1727 892333

We have audited the financial statements of Kansas Transportation Limited for the period ended 26 February 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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 results 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.



Sandeep Dhillon (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

21 Nov 2011

KANSAS TRANSPORTATION LIMITED

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

	Notes	52 weeks to 26 February 2011 £	52 weeks to 27 February 2010 £
Turnover		7,870,493	5,353,550
Cost of sales		(7,870,493)	(5,353,550)
Profit/(loss) on ordinary activities before taxation	2	-	-
Tax on profit/(loss) on ordinary activities	3	-	-
Profit/(loss) for the financial period		-	-

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 11 form part of these financial statements

KANSAS TRANSPORTATION LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2011

		26 February 2011 £	27 February 2010 £
	Notes		
Current assets			
Debtors – amounts falling due within one year	4	11,025,089	6,359,397
		11,025,089	6,359,397
Creditors – amounts falling due within one year	5	(11,025,088)	(6,359,396)
Net assets		1	1
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	-	-
Total equity shareholder's funds	8	1	1

The financial statements on pages 6 to 11 were approved by the board of Directors on 21 November 2011 and were signed on its behalf by


 J Lloyd
 Director
 Kansas Transportation Limited
 Registered number 5437715

KANSAS TRANSPORTATION 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 except for the amendment set out below.

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

It is the current intention of the Company's ultimate parent undertaking to 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.

Turnover

Turnover consists of income received from third parties and other group companies for rental of the planes throughout the period. Turnover is recognised on an accruals basis based on plane usage.

Leases

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the term of the relevant lease. All leases are charged in USD and translated at applicable exchange rates.

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.

KANSAS TRANSPORTATION LIMITED

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

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation is stated after charging		
Operating lease charges		
- Other	2,803,970	2,840,981

3. TAX ON PROFIT/(LOSS) 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 £	52 weeks to 27 Feb 2010 £
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-

The tax assessed for the period is the same as (2010 the same as) the standard rate of corporation tax in the UK of 28% (2010 28%) There are no differences

	52 weeks to 26 Feb 2011 £	52 weeks to 27 Feb 2010 £
Profit/(loss) on ordinary activities before tax	-	-
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 28% (2010 28%)	-	-
Current tax charge/(credit) for the financial period	-	-

KANSAS TRANSPORTATION LIMITED

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

4. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts owed by group undertakings	11,025,089	6,282,839
VAT	-	76,558
	11,025,089	6,359,397

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

5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts owed to group undertakings	11,025,088	6,359,396

Amounts owed to group undertakings are unsecured, interest free, and have no fixed date of repayment

6. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
1 Ordinary share of £1 (2010 1)	1	1

7. RESERVES

	Profit and loss reserve £
As at 27 February 2010	-
Profit for the financial period	-
As at 26 February 2011	-

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

	2011 £	2010 £
Profit for the financial period	-	-
Opening shareholder's funds	1	1
Closing shareholder's funds	1	1

KANSAS TRANSPORTATION LIMITED

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

9. FINANCIAL COMMITMENTS

At 26 February 2011, the company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows

	2011 £	2010 £
Within one year	-	-
Within two to five years	2,803,970	2,840,981

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate and ultimate parent company, and controlling party, is Tesco PLC, which is 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

11. 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

12. POST BALANCE SHEET EVENT

On 5 April 2011 and 20 July 2011, the Company entered into two agreements respectively to acquire another two aircrafts and subsequently assign its interest in these planes to a leasing company. The Company now leases these planes for its and third party usage