

Report of the Month

ReportWatch e.com

January 2012

Tesco

Cheshunt, Hertfordshire, United Kingdom

TESCO plc
Annual Report and Financial Statements 2011

Annual Report | Choose your language | TescoPlc.com

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To be the most highly valued

OUR VISION
To be the most highly valued
Winning locally, applying our skills globally
A modern and innovative company
A growth company

Watch our 'Around the World' video

Financial highlights

Group sales (including VAT)	+8.1%
Underlying profit before tax	+12.3%
Group profit before tax	+11.3%
Underlying diluted earnings per share	+10.8%*
Dividend per share	+10.8%

* Underlying diluted earnings per share growth calculated on constant tax rate basis; 12.8% at actual tax rates.

Business review

Growing the UK core

In our market-leading UK business, we have delivered a solid performance by keeping our focus on the customer, providing them with great value, choice and service. [Read more](#)

Outstanding international retailer

Strong in everything we sell

Growing retail services

Communities

Building brands

Building our team

Property

Chief Executive's review

"The business is ready for growth. Through our new vision and strategy, we will build on our success."
[Read the CEO's review](#)

Interactive charting tool

Our interactive charting tool enables you to review key financial information and retail statistics quickly and easily.
[Draw your own chart](#)

Your feedback

Let us know what you think of our online Annual Report.
[Send us your comments](#)

Key performance indicators (KPIs)

Our key performance indicators are the way we measure our progress over the year.
[View our KPIs](#)

Report Facts

Company name: Tesco PLC
Fiscal year end: February 28, 2011
Report title: Annual Review – Annual Report
Chairman: David Reid
Group Chief Executive: Philip Clarke
Number of books: 2
Report length: 40 + 162 pages
Auditors: PricewaterhouseCoopers LLP
Website: <http://ar2011.tescopl.com/>
Design and production: Conran Design Group

Report Rating: ★★*(★)

(Rating scale below)

Mission

In order to reflect changing consumer needs and the increasingly global nature of our business we've evolved our strategy... Our next step is to be an outstanding international retailer in stores and online... We now aim to be as strong in everything we sell as we are in food.

(Report excerpts. Italics are own company's words)

Key Figures

Sales: £ 67,573 million (including VAT)

Operating profit: £ 3,811 million

Operating profit margin: 6.3%

Net profit: £ 2,655 million (after tax)

Earnings per share (basic): £ 33.10 pence

Dividend: £ 14.46 pence

Return on equity: 22.6%

Return on capital employed: 12.9%

(Source: figures sourced from the annual report only)

Competitors - Peers

- J Sainsbury
- Walmart
- Carrefour
- Ahold
- Delhaize
- Woolworths
- Casino
- Auchan
-

Report Rating: ★★*(★)

Triple A

- > Very well-built and comprehensive annual report homepage, with multiple menus and links and interactive chart options. The whole online report is really designed for on-screen readability.
- > Key performance indicators made most accessible, well chosen and very clearly displayed online.
- > Board details, governance, compensation and committee information up to best practice.

Double A

- > *Choose your language* option at the top is not so common in the UK. Even Mr. Sarkozy and a few others should appreciate!
- > Good review of the *seven-part strategy* and progress achieved over the last year.
- > Nice story-telling pictures, working effectively online and in print.

Simple A

- > Printed/PDF covers not up to online/HTML homepage (no message).
- > Is the business so obvious to any investor or stakeholder that it doesn't deserve a quick profile or overview?
- > Highlighting *Underlying diluted earnings per share* is fine, highlighting actual earnings for shareholders would be finer.
- > Good review of *Principal risks and uncertainties*, setting forth *Key controls and mitigating factors*.

B Sides

- > *Where is the real financial review?*
- > Online report URL (<http://ar2011.tescopl.com/>) doesn't begin with the company name.
- > Back-and-forth navigation happens on the same screen window. Even the PDF download doesn't pop up as new window.
- > *Quick links* don't include a company profile or a financial review.

Rating Scale

★★★★★: World-class ★★★★★(★): First-rate ★★★★★: Excellent ★★★(★): Fine ★★*: Average
★★(★): Uneven ★*: Ordinary ★(★): Deficient *: Unsatisfactory (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment.

e.com-ReportWatch does not provide comments other than the ones published in Reports of the Month.

How does the company report in key areas? What are the main report pluses and minuses? The **Report Scan** gives an overview of strengths and weaknesses, and scores each item. Contact e.com@reportwatch.net

Selected Page (Key performance indicators in Tesco online Annual Report 2011)



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Key performance indicators

How did we do?

Expand All

- Sales and profit growth
- Return on capital employed (ROCE)
- Total shareholder return
- Underlying diluted earnings per share
- Full year dividend per share
- Capital expenditure
- Net debt and gearing
- Fixed charge cover
- Net indebtedness
- Reduction in CO₂ emissions
- Reduction in CO₂ emissions intensity of new stores and distribution centres

Business review

- Our strategy
- Growing the UK core
- Outstanding international retailer
- Strong in everything we sell
- Growing retail services
- Communities
- Building brands
- Building our team
- Property
- Our board of directors
- Key performance indicators

15.2%[†]
Internet sales growth

'I find my work interesting'

Definition

The 'I find my work interesting' measure shows the percentage of our Group employees who completed our annual staff survey and agreed with the statement 'I find my work interesting'.

Performance

With high levels of engagement, both the business and our customers continue to enjoy the benefits of more experienced and confident staff.

69%

* All KPIs are for 52 weeks ended 26 February 2011, 52 weeks ended 27 February 2010, 53 weeks ended 28 February 2009 and 52 weeks ended 23 February 2008 unless otherwise stated.

** Restated for IFRS 2 and IFRIC 13.

± Using 'normalised' tax rate before the start-up costs in the US and Tesco Direct, and excludes the impact of foreign exchange in equity and our acquisition of a majority share in Dobbies.

† Internet sales growth defined as total tesco.com and online telecoms sales growth.