

VERULAM PROPERTIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

Registered Number: 00726573



VERULAM PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Annual Report and the audited financial statements of Verulam Properties Limited (the "Company") for the 52 weeks ended 27 February 2016 (Prior period: 53 weeks ended 28 February 2015).

Business review and principal activities

The principal activity of the Company is that of property ownership and management. During the period the Company sold all of its investment properties generating a significant amount of profit. As a result of this the entity does not expect to receive rent or generate profit through the sale of investment properties in the next financial period.

Results and dividends

The results for the period show a profit on ordinary activities before taxation of £4,763,889 (2015: £386,748) and turnover of £352,991 (2015: £579,461).

The Directors do not recommend payment of a dividend for the 52 weeks ended 27 February 2016 (2015: nil).

Political donations

There were no political donations for the period (2015: nil).

Future outlook

During the period the Company sold all of its investment properties generating a significant amount of profit. As a result of this the entity does not expect to receive rent or generate profit through the sale of investment properties 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 6 to 8 of the Tesco PLC Annual Report 2016, which does not form part of this Report.

Financial risk management

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 24 to 27 of the Tesco PLC Annual Report 2016, which does not form part of this Report.

Going concern

During the period the Company sold all of its investment properties generating a significant amount of profit. As a result of this the entity does not expect to receive rent or generate profit through the sale of investment properties in the next financial period. As such this company will no longer trade in the future and therefore the accounts have been prepared on a basis other than going concern.

No material adjustments arose as a result of ceasing to apply the going concern basis of accounting.

VERULAM PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

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 12 to 13 of the Tesco PLC Annual Report 2016 which does not form part of this Report.

Research and development

The Company does not undertake any research and development activities (2015: none).

Employees

The Company had no employees during the period (2015: none).

Directors and their interests

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

John Gibney
Tesco Services Limited

None of the Directors had any disclosable interests in the Company during this period.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the Tesco PLC Company Secretary (who is also a Director Tesco Services Limited, which is appointed to the Board 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 and Officers may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of approval of the financial statements.

Strategic Report

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013) from preparing a Strategic Report.

VERULAM PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

Directors' Responsibilities Statement

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; 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 of the persons who is a director at the date of approval of this report confirms that:

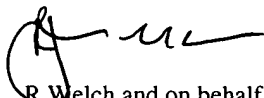
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

On behalf of the Board 24 November 2016.



R Welch and on behalf of
Tesco Services Limited
Director

Verulam Properties Limited

Registered Number: 00726573

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

VERULAM PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERULAM PROPERTIES LIMITED

We have audited the financial statements of Verulam Properties Limited for the 52 weeks ended 27 February 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. 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".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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. In addition, we read all the financial and non-financial information in the annual report 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 February 2016 and of its profit for the 52 weeks 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

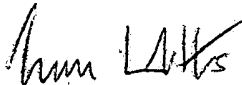
VERULAM PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERULAM PROPERTIES LIMITED

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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Simon Letts (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, UK

24 November 2016

VERULAM PROPERTIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

	Notes	52 weeks to 27 February 2016 £	53 weeks to 28 February 2015 £
Turnover		352,991	579,461
Cost of sales		(63,735)	(140,809)
Gross profit		289,256	438,652
Administrative expenses		(47,144)	(51,904)
Operating profit	3	242,112	386,748
Profit on sales of assets	5	4,521,777	-
Profit on ordinary activities before taxation		4,763,889	386,748
Tax on profit on ordinary activities	4	-	-
Total comprehensive income for the period		4,763,889	386,748

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

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 27 FEBRUARY 2016

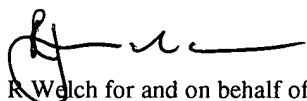
	Equity share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 22 February 2014	120,126	3,952,393	4,673,283	8,745,802
Total comprehensive income for the period	-	-	386,748	386,748
At 28 February 2015	120,126	3,952,393	5,060,031	9,132,550
Total comprehensive income for the period	-	-	4,763,889	4,763,889
Transfer of revaluation reserve to retained earnings on disposal of properties	-	(3,952,393)	3,952,393	-
At 27 February 2016	120,126	-	13,776,313	13,896,439

VERULAM PROPERTIES LIMITED

BALANCE SHEET AS AT 27 FEBRUARY 2016

	Notes	27 February 2016 £	28 February 2015 £
Fixed assets			
Investment properties	5	-	8,639,374
		-	8,639,374
Current assets			
Debtors: Amounts falling due within one year	6	28,481,054	7,312,838
Cash at bank and in hand		799,564	450,000
		29,280,618	7,762,838
Creditors: Amounts falling due within one year	7	(15,384,179)	(7,269,662)
Net current assets		13,896,439	493,176
Total assets less current liabilities		13,896,439	9,132,550
Net assets		13,896,439	9,132,550
Capital and reserves			
Called up share capital	8	120,126	120,126
Revaluation Reserve		-	3,952,393
Profit and loss account		13,776,313	5,060,031
Total shareholders' funds		13,896,439	9,132,550

The financial statements on pages 6 to 12 were approved by the board of Directors and authorised for issue on 24 November 2016 and were signed on its behalf by:



R Welch for and on behalf of
Tesco Services Limited
Director
Verulam Properties Limited
Registered Number: 00726573

VERULAM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Verulam Properties Limited (the "Company") for the period ended 27 February 2016 were authorised for issue by the board of directors on ~~24~~ November 2016 and the balance sheet was signed on the board's behalf by R Welch for and on behalf of Tesco Services Limited. Verulam Properties Limited is incorporated and domiciled in the United Kingdom and registered 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 financial statements have been prepared under the historical cost convention and the Companies Act 2006.

The results of Verulam Properties Limited are included in the consolidated financial statements of Tesco PLC which are available from Tesco House Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom, AL7 1GA.

The principal accounting policies adopted by the Company are set out in note 2. These policies have been consistently applied to all periods presented unless otherwise stated.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

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 10 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property.
- The requirements of paragraphs 10(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- 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; and
- The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

Going concern

During the period the Company sold all of its investment properties generating a significant amount of profit. As a result of this the entity does not expect to receive rent or generate profit through the sale of investment

VERULAM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

2. ACCOUNTING POLICIES (continued)

Going concern (continued)

properties in the next financial period. As such this company will no longer trade in the future and therefore the accounts have been prepared on a basis other than going concern.

No material adjustments arose as a result of ceasing to apply the going concern basis of accounting.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors do not consider that any of the estimates made within these financial statements are significant.

Investment properties

Investment property under construction is not revalued formally each year, and is held at the latest formal market valuation prior to commencement of the development works, unless there are indicators that there has been a significant movement in the current valuation of the property. Revaluation will recommence on completion of the development works in line with IAS 40 para.53.

Leases and rental income

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All leases are classified as operating leases.

Rental income from operating leases is recognised in the Statement of Comprehensive Income within turnover, on a straight line basis over the term of the lease.

Impairment of fixed assets

At each balance sheet date the Company reviews the carrying amounts of the fixed assets and goodwill to determine whether there is any need for impairment. Any impairment is recognised in the Statement of Comprehensive Income in the period in which it occurs.

Trade receivables

Trade receivables are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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.

VERULAM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

3. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2015: £nil).

The Company had no employees during the period (2015: none).

The auditors' remuneration for the current and prior period which amounted to £5,011 (2015: £4,100), was borne by Tesco Stores Limited.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The Finance Act 2013 included legislation to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The blended tax rate for the period is therefore 20.1%. (2015: 21.2%).

Tax Charged in the statement of comprehensive income

	52 weeks to 27 February 2016 £	53 weeks to 28 February 2015 £
Current tax:		
UK Corporation tax on profit for the period	-	-
Total current tax	-	-
Deferred tax	-	-
Total deferred tax	-	-
Total income tax expense	-	-

	52 weeks to 27 February 2016 £	53 weeks to 28 February 2015 £
Profit on ordinary activities before tax	4,763,889	386,748
Profit on ordinary activities multiplied by blended rate in the UK 20.1% (2015: 21.2%)	957,542	81,991
Effects of:		
Profit on property disposals not taxable or available for tax relief	(908,877)	-
Group relief (claimed)/surrendered without payment	(48,665)	(81,991)
Total income tax charge for the year	-	-

The Finance Act 2015 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate reductions are therefore included in these financial statements. In addition, it was announced in the March 2016 Budget Statement that the main rate of corporation tax will be further reduced by 1% to 17% from 1 April 2020. This further rate reduction had not been substantively enacted at the balance sheet date and has therefore not been reflected in these financial statements.

VERULAM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

5. INVESTMENT PROPERTIES

	Investment Properties £
Valuation:	
As at 28 February 2015	8,639,374
Additions	4,552,605
Disposal	(13,191,979)
As at 27 February 2016	-

During the period the Company sold all of its investment properties to Meyer Bergman for £17,713,756. Profit on disposal was £4,521,777.

The directors believe that fair value is approximately net book value.

6. DEBTORS

	27 February 2016 £	28 February 2015 £
Amounts owed by group undertakings	28,477,449	7,199,611
Trade debtors	3,605	113,227
	28,481,054	7,312,838

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

7. CREDITORS

	27 February 2016 £	28 February 2015 £
Amounts owed to group undertakings	15,384,179	7,243,993
Accruals and deferred income	-	25,669
	15,384,179	7,269,662

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

8. CALLED UP SHARE CAPITAL

	27 February 2016 £	28 February 2015 £
Allotted, called up and fully paid:		
120,126 Ordinary shares of £1 each (2015: 120,126)	120,126	120,126

VERULAM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

9. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is J E Properties Holdings Limited.

The Company's ultimate parent undertaking is Tesco PLC which is registered in England and Wales. The results of the Company are included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.