

TESCO (OVERSEAS) LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL
STATEMENTS

FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

Registered Number: 01611684



TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

The Directors present their Report and the unaudited financial statements of Tesco (Overseas) Limited (the "Company") for the 52 weeks ended 24 February 2018 (prior period: 52 weeks ended 25 February 2017 ("2017")).

Business review and principal activity

The principal activity of the Company is to act as the 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.

Principal risks and uncertainties

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 22 to 25 of the Tesco PLC Annual Report 2018, which do not form a part of this Report.

Results and dividends

The results for the 52 weeks ended 24 February 2018 show a loss before tax of £9,677k (2017: loss before tax of £11,680k) and loss after tax of £11,048k (2017: loss after tax of £11,892k).

The Directors do not recommend payment of a dividend for the 52 weeks ended 24 February 2018 (2017: £nil).

The Company has net assets of £236,049k at the period end (2017: £247,097k) and net current liabilities of £575,722k at the period end (2017: £564,674k).

Future developments

The Company's future developments form a part of the Tesco PLC Group long term strategy, which is discussed on pages 8 and 9 of the Tesco PLC Annual Report and Financial Statements 2018, which does not form a part of this Report. 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.

Going concern

The Directors consider that the Company has adequate resources to remain in operation for a period of at least twelve months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

Research and development

The Company does not undertake any research and development activities (2017: none).

Political donations

There were no political donations for the period (2017: £nil) and the Company did not incur any political expenditure (2017: £nil).

Employees

The Company had no employees during the 52 weeks ended 24 February 2018 (2017: none).

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

Financial risk management

The principal activity of the Company is to act as a holding company and therefore its principal risks relate to the carrying value of the investments that the Company holds. The other financial risk faced by the Company is relating to interest rate. Financial risk management for the Group, of which the Company forms a part, is discussed in Note 23 of the Tesco PLC Annual Report and Financial Statements 2018, which do not form a part of this Report.

The main risks associated with the Company's financial assets and liabilities are set out below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities.

The loans are interest bearing and are repayable within one year. The other creditors of the Company are unsecured, interest-free and are repayable on demand.

Business risk

On 29 March 2017, the United Kingdom government invoked Article 50 and initiated the process of the United Kingdom leaving the European Union within two years. This could cause disruptions and uncertainties which could have an adverse effect on our primary business, financial results and operations.

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.

Directors

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

M Snape (Resigned 1 April 2018)
R Welch
Tesco Services Limited

None of the Directors had 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 of 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, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

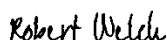
Company Law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 judgments 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 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.

On behalf of the Board

22 August 2018



R Welch
Director

Tesco (Overseas) Limited

Registered number: 01611684

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO (OVERSEAS) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018**

	Notes	52 weeks ended 24 February 2018	52 weeks ended 25 February 2017
		£'000	£'000
Interest payable and similar costs	5	(9,677)	(11,680)
Loss before taxation		(9,677)	(11,680)
Tax charge	6	(1,371)	(212)
Loss for the financial period		(11,048)	(11,892)

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

All operations are continuing for the financial period.

There is no other comprehensive income/(loss) in the periods presented; therefore no Statement of Comprehensive Income has been prepared. Total comprehensive loss is equal to loss for the periods presented.

The notes on pages 7 to 11 are an integral part of these financial statement.

TESCO (OVERSEAS) LIMITED**BALANCE SHEET AS AT 24 FEBRUARY 2018**

	Notes	24 February 2018 £'000	25 February 2017 £'000
Non-current assets			
Investments	7	811,771	811,771
		811,771	811,771
Current assets			
Cash at bank and in hand		54	-
		54	-
Current liabilities			
Creditors: amounts falling due within one year	8	(575,776)	(564,674)
		(575,776)	(564,674)
Net current liabilities		(575,722)	(564,674)
Total assets less current liabilities		236,049	247,097
Net assets		236,049	247,097
Equity			
Called up share capital	9	8,948	8,948
Share premium		351,890	351,890
Profit and loss account		(124,789)	(113,741)
Total shareholders' funds		236,049	247,097

The notes on pages 7 to 11 are an integral part of these financial statements.

For the 52 weeks ended 24 February 2018, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the member have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 479A;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts.

The financial statements on pages 4 to 11 were approved by the Board of Directors and authorised for issue on 22 August 2018. They were signed on its behalf by:

Robert Welch

R Welch
Director

Tesco (Overseas) Limited

Registered Number: 01611684

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

TESCO (OVERSEAS) LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018**

	Called up share capital*	Share premium	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Balance as at 27 February 2016	8,948	351,890	(101,849)	258,989
Loss for the financial period	-	-	(11,892)	(11,892)
Balance as at 25 February 2017	8,948	351,890	(113,741)	247,097
Loss for the financial period	-	-	(11,048)	(11,048)
Balance as at 24 February 2018	8,948	351,890	(124,789)	236,049

*See Note 9 for a breakdown of the called up share capital.

The notes on pages 7 to 11 form an integral part of these financial statements.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Tesco (Overseas) Limited (the "Company") for the 52 weeks ended 24 February 2018 were authorised for issue by the Board of Directors on 22 August 2018 and the Balance Sheet was signed on the Board's behalf by Robert Welch.

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and the Companies Act 2006.

The functional currency of Tesco (Overseas) Limited is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates and the financial statements are presented in Pound Sterling. The values are rounded to the nearest thousand Pound (£'000) except when otherwise stated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Tesco PLC. The Company's results are included in the consolidated financial statements of Tesco PLC, which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

2. General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales.

The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Company's operations and its principal activity are set out in the Directors' Report on page 1.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with FRS 101, "Reduced Disclosure Framework" ("FRS 101") and Companies Act 2006 issued by the Financial Reporting Council. 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 EU-adopted IFRS may be obtained.

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

- the requirements of paragraphs 10(d), 10(f), 39(c) 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.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

3. Accounting policies (continued)

(b) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained within the going concern statement included in the Directors' Report on page 1.

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical estimate and assumption that is applied in the preparation of the financial statements include:

Impairment

Where there are indicators of impairment or reversals of previous impairment for investments in subsidiaries, joint ventures, associates or other investments, management performs an impairment test for the investment based on the higher of value in use and fair value less costs of disposal.

(d) Significant accounting policies

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash at bank

Cash at bank in the Balance Sheet comprise cash at bank.

Taxation

Current tax, including United Kingdom (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 period. Taxable profit differs from net profit as reported in profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of additional tax liability has been identified and it is probable that the Company will be required to settle that tax. Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities in the various tax jurisdiction in which the Company operates. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

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
24 FEBRUARY 2018 (continued)****3. Accounting policies (continued)****Taxation (continued)****Current tax and deferred tax for the period**

Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Interest payable and similar costs

All borrowing costs are recognised in the Profit and Loss Account on an accruals basis.

4. Staff costs and Directors' remuneration

The Directors received no emoluments for their services to the Company (2017: £nil).

The Company has no employee during the period (2017: £nil).

5. Interest payable and similar costs

	24 February 2018 £'000	25 February 2017 £'000
Interest payable on loans from Group undertakings	9,677	11,680
	9,677	11,680

6. Tax on profit**(a) Factors that have affected the tax charge:**

The standard rate of corporation tax in the UK was 20% from 1 April 2015, and was changed from 20% to 19% from 1 April 2017.

This gives an overall blended corporation tax rate for the Company for the full period of 19.09%.

(b) Tax charge in the Profit and Loss Account

	52 weeks ended 24 February 2018 £'000	52 weeks ended 25 February 2017 £'000
Current tax:		
UK corporation tax on profit for the financial period	(790)	(212)
Adjustment in respect of prior years	(581)	-
Total current tax	(1,371)	(212)

TESCO (OVERSEAS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018 (continued)****6. Tax on profit (continued)****(c) Reconciliation of the tax charge**

The differences between the total charge shown above and the amount calculated by applying the blended rate of UK corporation tax to profit is as follows:

	52 weeks ended 24 February 2018	52 weeks ended 25 February 2017
	£'000	£'000
Loss before tax	(9,677)	(11,680)
Tax on loss at blended corporation tax rate of 19.09% (2017: 20%)	1,848	2,336
Effects of:		
Group relief surrendered without payment	(1,848)	(2,336)
UK tax on overseas profits	(790)	(212)
Adjustment in respect of prior years	(581)	-
Total tax charge for the financial period	(1,371)	(212)

(d) Tax rate changes

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were enacted by the Balance Sheet date and therefore included in these financial statements. Temporary differences have been re measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

7. Investments

	24 February 2018 Shares in Group undertakings £'000	25 February 2017 Shares in Group undertakings £'000
Cost:		
At beginning of the period	893,433	893,433
At end of the period	893,433	893,433
Impairment:		
At beginning of the period	81,662	81,662
At end of the period	81,662	81,662
Carrying value:		
At the end of the period	811,771	811,771

A full list of related undertakings, the country of incorporation and the percentage of each share class owned as at 24 February 2018 is disclosed on page 11. All undertakings are directly owned by the Company unless otherwise stated.

TESCO (OVERSEAS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018 (continued)****8. Creditors: amounts falling due within one year**

	24 February 2018 £'000	25 February 2017 £'000
Amounts owed to Group undertakings	575,723	564,674
Other payables	53	-
	575,776	564,674

Amount owed to Group undertakings include loans of £511m at interest rates of 1.54% to 1.69% repayable between 12 April 2018 and 29 June 2018. The remaining amounts owed are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Called up share capital

	24 February 2018 £'000	25 February 2017 £'000
Allotted, called up and fully paid:		
8,947,772 Ordinary shares of £1 each (2017: 8,947,772)	8,948	8,948
	8,948	8,948

10. Ultimate parent undertaking

The Company's immediate and 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 financial statements. Copies of the Tesco PLC Annual Report and financial statements can be obtained from the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

11. Related party transactions

During the 52 weeks ended 24 February 2018, the Company entered into transactions with related parties in the ordinary course of business. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

TESCO (OVERSEAS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018 (continued)****Related undertakings of the Company**

Name of company	Country of incorporation	Proportion of voting rights and shares held	Registered office	Share class
ELH Insurance Limited	Guernsey	100%- Direct	Malson Trinity, Trinity Square, St Peter Port, Guernsey, GY14AT	£1.00 Ordinary Shares
China Property Holdings (HK) Limited	Hong Kong	100%-Direct	31st Floor AIA Kowloon Tower Landmark East 100 How Ming Street Kowloon Hong Kong	HKD1.00 Ordinary Shares
Tesco Chile Sourcing Limitada	Chile	0.010%-Direct	Oficina No 102, Oficinas Los Andes, San Patricio 4099, Vitacura, Santiago, Chile	CLP 1.00 Ordinary Shares
Tesco Chile Sourcing Limitada	Chile	0.010%-Direct	Oficina No 102, Oficinas Los Andes, San Patricio 4099, Vitacura, Santiago, Chile	USD 1.00 Ordinary Shares
Tesco Sourcing India Private Limited	India	0.013%- Direct	5th Floor, Unit 401, Tower B, The Millenia, No 1 & 2, Murphy Road, Ulsoor, Bangalore, 560008, India	INR 10.00 Ordinary Shares
Tesco Bengaluru Private Limited	India	0.002%- Direct	#81 & 82, EPIP Area, Whitefield, Bangalore, 560066, India	INR 10.00 Ordinary Shares
Tesco Food Sourcing Brazil Consultoria de Negocios Ltda	Brazil	0.000%- Direct	Av. Paulista, 37-40 Andar, Sao Paulo, 01311-902, Brazil	BRL1.00 Ordinary Shares
Tesco Guangdong (HK) Co. Limited	Hong Kong	100%- Indirect	31st Floor AIA Kowloon Tower Landmark East 100 How Ming Street, Kowloon Hong Kong	US\$1.00 Ordinary Shares
Tesco Property Limited	China	100%- Indirect	R1108 Level 11, Bld No.1, China Central Place, No. 81 Jianguo Road, Chaoyang District, Beijing, China	US\$1.00 Registered Capital