

TESCO PROPERTY PARTNER (NO.2) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

Registered Number: 05179163

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TESCO PROPERTY PARTNER (NO.2) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Annual Report and the audited financial statements of Tesco Property Partner (No 2) Limited ("the Company") for the 52 weeks ended 27 February 2016 (Prior period 53 weeks ended 28 February 2015)

Review of the business

The principal activity of the Company is to act as the holding company for Tesco PLC's investment in The Tesco Property (No 2) Limited Partnership. 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 result of £nil (2015 £nil)

The Directors do not recommend payment of a dividend for the period ended 27 February 2016 (2015 £nil)

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. To manage this risk, the Company reviews the performance of those companies in which it holds its investments.

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.

Political donations

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

Future outlook

There has been no significant change in the nature or level of activity during the period and the Directors do not expect this to change significantly throughout 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.

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

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, except as noted:

A Clark

J Gibney (Appointed 20 March 2015)

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 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.

Strategic Report

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 from preparing the Strategic Report. Section 414B allows for small companies that would not be entitled to the exemption for being part of an ineligible group, to be exempt from the preparation of the Strategic Report.

TESCO PROPERTY PARTNER (NO.2) 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).

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 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

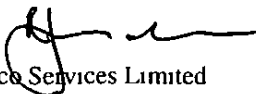
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 23 November 2016



Tesco Services Limited

Tesco Property Partner (No 2) Limited

Registered Number 05179163

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

TESCO PROPERTY PARTNER (NO.2) LIMITED

INDEPENDANT AUDITORS' REPORT TO THE MEMBERS OF TESCO PROPERTY PARTNER (NO.2) LIMITED

We have audited the financial statements of Tesco Property Partner (No 2) Limited for the period ended 27 February 2016 which comprise the company Statement of Comprehensive Income, the Statement of Changes in Equity and Company Balance Sheet the related notes 1 to 10. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 result for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

TESCO PROPERTY PARTNER (NO.2) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO PROPERTY PARTNER (NO.2) LIMITED (continued)

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

Rebecca Drew

Rebecca Drew (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

23 November 2016

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

	Notes	52 weeks to 27 February 2016 £	Unaudited 53 weeks to 28 February 2015 £
Operating result		-	-
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	-	-
Result and total comprehensive income for the financial period		-	-

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

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total shareholder's funds</i>
	£	£	£
At 22 February 2014	1,515,060	267,791	1,782,851
Total comprehensive result for the period	-	-	-
At 28 February 2015	1,515,060	267,791	1,782,851
Total comprehensive result for the period	-	-	-
At 27 February 2016	1,515,060	267,791	1,782,851

TESCO PROPERTY PARTNER (NO.2) LIMITED

BALANCE SHEET AS AT 27 FEBRUARY 2016

	Note	27 February 2016 £	Unaudited 28 February 2015 £
Fixed assets			
Investments	5	600	600
Current assets			
Debtors amounts falling due within one year	6	1,700,002	1,700 002
Cash at Bank		82,349	82,349
Net current assets		1,782,351	1 782,351
Creditors amounts falling due after more than one year	7	(100)	(100)
Net assets		1,782,851	1 782 851
Capital and reserves			
Called up share capital	8	1,515,060	1 515.060
Profit and loss account		267,791	267 791
Total shareholder's funds		1,782,851	1 782 851

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

These financial statements on pages 6 to 12 were approved by the Board of Directors and authorised for issue on
23 November 2016 and were signed on its behalf by



Tesco Services Limited

Director

Tesco Property Partner (No 2) Limited

Registered Number 05179163

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

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 102

The financial statements of Tesco Property Partner (No 2) Limited (the "Company") for the period ended 27 February 2016 were authorised for issue by the board of directors on 23 November 2016 and the balance sheet was signed on the board's behalf by Tesco Services Limited. Tesco Property Partner (No 2) Limited is incorporated and domiciled in the United Kingdom and registered in England and Wales.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The results of the Company 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.

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

The financial statements of Tesco Property Partner (No 2) Limited have been prepared in accordance with FRS102. The financial statements are also prepared in accordance with the Companies Act 2006 as applicable to entities reporting under FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and are prepared under the historical cost convention.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Tesco PLC, which may be obtained at from the Company Secretary, Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

Impairment of investments

The Company has determined its investment in each entity as a separate cash-generating unit for impairment testing. Where there are indicators of impairment, the Company performs an impairment test. Recoverable amounts for cash-generating units are based on the higher of value in use and fair value less costs of disposal. Value in use is calculated from cash flow projections generally over five years using data from the Company's latest internal forecasts, and extrapolated beyond five years using estimated long-term growth rates.

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.

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.

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

2. ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

3. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

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 of £3,075 (2015 £3,075) for the current period was borne by Tesco Stores Limited

4. TAX ON RESULT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 21% to 20% from 1 April 2015, and from 23% to 21% with effect from 1 April 2014

This gives an overall blended Corporation Tax rate for the company for the full year of 20.1% (2015 21.2%)

	52 weeks to 27 February 2016 £	Unaudited 53 weeks to 28 February 2015 £
Current tax:		
UK Corporation tax on result for the financial period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Due to rate change	-	-
Total deferred tax	-	-
Total income tax credit	-	-

	52 weeks to 27 February 2016 £	Unaudited 53 weeks to 28 February 2015 £
Result on ordinary activities before tax	-	-
Result on ordinary activities multiplied by blended rate in the UK 20.1% (2015 21.2%)	-	-
Effects of		
Group relief (claimed)/surrendered without payment	(43,305)	(62,199)
Differences due to rate changes	43,305	62,199
Total income tax credit 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 the 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.

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

5. FIXED ASSET INVESTMENTS

	Company £
Cost and net book value	
At 28 February 2015	600
At 27 February 2016	600

The Directors believe that the carrying value of the investment is supported by its underlying net assets

Details of the principal subsidiary undertakings at the period end are as follows

Subsidiary undertakings	Country of incorporation	% Ordinary £1.00 shares held	Nature of business
The Tesco Property (No 1) Limited	England and Wales	100%	Property investment

Details of the principal associated undertakings at the period end are as follows

Associated undertakings	Country of incorporation	% Interest held	Nature of business
The Tesco Property (No 2) Limited Partnership	England and Wales	49.999%	Property investment

6. DEBTORS

	27 February 2016 £	Unaudited 28 February 2015 £
Amounts owed by group undertakings	1,700,002	1,700,002
	1,700,002	1,700,002

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

TESCO PROPERTY PARTNER (NO.2) LIMITED

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

7. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	27 February 2016 £	Unaudited 28 February 2015 £
Amounts owed to group undertakings	100	100
	100	100

Amounts owed to group undertakings are unsecured, interest free and repayable in 28 February 2029

8. CALLED UP SHARE CAPITAL

	27 February 2016 £	Unaudited 28 February 2015 £
Allotted, called up and fully paid	1,515,060	1,515,060
1,515,060 Ordinary shares of £1 each		

9. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Tesco Property Holdings Limited

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The results of the Company are only included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under Section 33 1A of FRS102 not to disclose transactions with fellow wholly owned subsidiaries