

BUTTONCASE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

REGISTERED NUMBER: 05298861



BUTTONCASE LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

The Directors present their Annual Report of Buttoncase Limited (the "Company") for the 52 weeks period ended 24 February 2018 (the prior financial period being the 52 weeks period ended 25 February 2017 ("2017")).

Business review and principal activities

The principal activity of the Company is to act as a financing company for Tesco PLC Group entities.

Repayment of existing payables has been made to Tesco PLC Group undertakings during the current financial period. Therefore, the status of the Company has changed from dormant to active in the current financial period.

The financial statements of the Company have been prepared in accordance with FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland).

Results and dividends

The Company did not incur any expenditure and earn any income during the current and previous financial period. Consequently, a Profit and Loss Account has not been disclosed.

The results for the 52 weeks ended 24 February 2018 show a profit before tax of £nil (2017: £nil) and a profit after tax of £nil (2017: £nil).

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

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 and Financial Statements 2018, which does not form part of this Report.

Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Directors determined the credit risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The principal risks and uncertainties are related to the obligation to make repayments against amounts owed to preference shareholders when due.

The amounts owed to preference shareholders is repayable on winding up of the Company, in priority to ordinary shares, together with any arrears of dividend.

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

Political donations

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

Future developments

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

Research and development

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

Employees

The Company had no employees during the period (2017: none).

Strategic report

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

Going concern

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

Directors and their interests

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

L Heywood (Appointed on 25 January 2018)
Tesco Services Limited
R Welch
K Koch (Resigned on 06 October 2017)

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 of Tesco Services Limited, which is appointed to the Board of the Company) in respect of liabilities incurred as a result of his office, to the extent permitted by law. In respect of those liabilities for which Tesco appointed 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.

BUTTONCASE LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (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 Company 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), FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 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 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, disclose with reasonable accuracy at any time the financial position of the Company and the Group, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

20 August 2018

Robert Welch

R Welch

Director

Buttoncase Limited

Registered Number: 05298861

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

BUTTONCASE LIMITED**BALANCE SHEET AS AT 24 FEBRUARY 2018**

	Notes	24 February 2018 £'000	25 February 2017 £'000 (restated)
Current assets			
Cash at bank and in hand		4,867	23,151
Debtors: amounts falling due within one year	6	1	1
		<u>4,868</u>	<u>23,152</u>
Creditors: amounts falling due within one year	7	-	(18,284)
Net current assets		<u>4,868</u>	<u>4,868</u>
Total assets less current liabilities		<u>4,868</u>	<u>4,868</u>
Creditors: amounts falling due after more than one year	8	(4,800)	(4,800)
Net assets		<u>68</u>	<u>68</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		67	67
Total shareholder's funds		<u>68</u>	<u>68</u>

There are no recognised gains or losses and accordingly no separate Profit and Loss Account and Statement of Comprehensive Income have been prepared.

The Notes on pages 6 to 11 are an integral part of these financial statements.

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

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 20 August 2018. They were signed on its behalf by:

Robert Welch

R Welch
Director
Buttoncase Limited
Registered Number: 05298861
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

BUTTONCASE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

	Called up Share capital*	Profit and loss account	Total
	£'000	£'000	£'000
Balance as at 27 February 2016	1	67	68
Balance as at 25 February 2017	1	67	68
Balance as at 24 February 2018	1	67	68

The notes on pages 6 to 11 are an integral part of these financial statements.

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

BUTTONCASE LIMITED

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

1. Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. General information

Buttoncase Limited (the "Company") is a private company, limited by shares and is incorporated and domiciled in England and Wales under the Companies Act 2006.

The financial statements of the Company for the 52 weeks period ended 24 February 2018 were approved by the Board of Directors on 20 August 2018 and the Balance Sheet was signed on the Board's behalf by R Welch.

The functional and presentational currency of the Company is Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates. The financials are rounded to the "000" except when otherwise stated.

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 activities are set out in the Directors' report on page 1.

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

3. Accounting policies

a) Basis of preparation

The financial statements of the Company are prepared on the going concern basis under the historical cost convention.

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 102 Section 7 "Statement of cash flows" and disclosing details of transactions with fellow subsidiary entities.

b) 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.

The Company has significant cash assets that greatly outweigh its current liabilities. Having assessed the Company's future expected cash flows, the Directors believe that the Company can continue to support itself. The Directors have therefore prepared the financial statements on a going concern basis.

c) Prior year reclassification

The prior year amounts of cumulative redeemable preference shares have been reclassified from "Called up share capital" (Note 9) to "Creditors: Amounts falling due after more than one year" (Note 8) for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations of the current year.

d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, 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 any of the estimates and judgements made within these financial statements as significant.

BUTTONCASE LIMITED

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

e) Significant accounting policies

Income taxes

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 the 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 an 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 jurisdictions 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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the Profit and Loss account, except when it relates to items charged or credited directly in equity or other comprehensive income, in which case deferred tax is also recognised in equity or other comprehensive income, respectively.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

BUTTONCASE LIMITED

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

e) Significant accounting policies (continued)

Deferred tax (continued)

Current tax and deferred tax for the period

Current and deferred tax are recognised in the Profit and Loss account, 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.

Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Loans and receivables include amounts owed by Group undertakings.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

BUTTONCASE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****e) Significant accounting policies (continued)****Financial liabilities (continued)****Loans and borrowings**

Loans and borrowings are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Loans and borrowings includes amounts owed to Group undertakings and cumulative redeemable preference shares.

De-recognition of financial instruments

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled; (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

4. Staff costs and Directors' remuneration

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

The Company had no employees during the period (2017: none).

5. Tax on profit/(loss)**(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 year of 19.09%.

(b) Tax charged in the Profit and Loss Account

	52 weeks ended 24 February 2018 £'000	52 weeks ended 25 February 2017 £'000
Current income tax:		
UK corporation tax on profit for financial period	-	-
Total current income tax (charge) / credit	-	-

BUTTONCASE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****5. Tax on profit/(loss) (continued)****(c) Reconciliation of the effective tax charge**

The tax expense in the Profit and Loss Account for the financial year is lower to the standard rate of corporation tax in the UK of 19.09% (2017: 20.00%). The differences are reconciled below:

	52 weeks ended 24 February 2018 £'000	52 weeks ended 25 February 2017 £'000
Profit/(loss) before tax	-	-
Tax on profit/(loss) at blended corporation tax rate of 19.09% (2017: 20.00%)	-	-
Total income tax charge reported in the Profit and Loss Account	-	-

6. Debtors: amounts falling due within one year

	24 February 2018 £'000	25 February 2017 £'000
Amounts owed by Group undertakings	1	1
	1	1

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

7. Creditors: amounts falling due within one year

	24 February 2018 £'000	25 February 2017 £'000
Amounts owed to Group undertakings	-	18,284
	-	18,284

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

8. Creditors: amounts falling due after more than one year

	24 February 2018 £'000	25 February 2017 £'000
4,800,000 2% Cumulative Redeemable Preference Shares of £1 each (2017: 4,800,000)	4,800	4,800
	4,800	4,800

BUTTONCASE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****8. Creditors: amounts falling due after more than one year (continued)**

The prior year amounts of cumulative redeemable preference shares have been reclassified from "Called up share capital" (Note 9) to "Creditors: Amounts falling due after more than one year" (Note 8) for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations of the current year.

The cumulative redeemable preference shares confer on the holder the right to receive a fixed dividend of 2% on the nominal capital of the preference shares. As regards capital on a winding up of the Company, the cumulative redeemable preference shares shall be deemed in priority to the ordinary shares, together with any arrears in dividends.

The Company shall have the right to redeem, at par, all or part of the cumulative redeemable preference shares in issue at any time.

The cumulative redeemable preference shares are non-voting except where the preferential dividend on the shares is six months or more in arrears or where a resolution is proposed which amends certain rights of the cumulative redeemable preference shareholders, in which case the shareholders are entitled to vote on such amendments.

The sole preference shareholder, Tesco PLC, has waived its right to receive a dividend for the current financial year.

9. Called up share capital

	24 February 2018 £'000	25 February 2017 £'000
1,001 Ordinary shares of £1 each (2017 : 1,001)	1	1
	1	1

10. Ultimate group undertaking

The Company's immediate and ultimate parent undertaking is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and 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 at its registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.