

TESCO MAINTENANCE LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023
REGISTERED NUMBER: 06003554



TESCO MAINTENANCE LIMITED

COMPANY INFORMATION

Directors	D C Wheeler N Johnson P D Cook
Company secretary	Tesco Secretaries Limited
Registered number	06003554
Registered office	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO MAINTENANCE LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

The Directors present their Strategic Report of Tesco Maintenance Limited (the "Company") for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022 ("2022")).

Business review and principal activity

The principal activity of the Company is to act as a maintenance provider to Tesco properties including the maintenance of Tesco Distribution Centres, One Stop, in-store Family Dining Cafés and Booker Group who are a part of Tesco PLC (the "Group"), within the United Kingdom. The Company receives remuneration through invoicing other Group companies for the cost of the services provided. There has been no significant change in the nature or level of this activity during the period.

In May 2023, the Board approved the transfer of its employees to Tesco Stores Limited through the application of the TUPE Regulations 2006 (SI 2006/246) (refer to note 18). This was to align colleagues pay, hours of work, working arrangements and travel with those of other Group employees.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

Results and dividends

The results for the 52 weeks ended 25 February 2023 show a result before tax of £nil (2022: £nil), result after tax of £nil (2022: £nil) and turnover amounted to £252,752k (2022: £248,773k).

The Company has net assets at the period end of £3,772k (2022: £3,772k) and has net current assets of £3,274k (2022: £3,250k).

The Directors do not recommend payment of a dividend for the 52 weeks ended 25 February 2023 (2022: £nil).

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 Group, which includes the Company, are discussed on page 14 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

Future developments

The Company's future developments form a part of the Group's long-term strategies, which are discussed on pages 4 to 47 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

In May 2023, the Board approved the transfer of its employees to Tesco Stores Limited via a TUPE Regulations 2006 (SI 2006/246) (refer note 18).

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to include financial strategy, reputational and operational threats and performance risks in the business, IT systems and infrastructure, people retention, health and safety, fraud compliance and internal controls, regulatory, activism and terrorism and climate change risks.

Whilst noting that the only customers of the Company are other Group Companies of the Tesco Group, from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately.

Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 38 to 45 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

TESCO MAINTENANCE LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Business risk

Currently, there is a significant level of uncertainty in the macroeconomic landscape regarding cost and wage inflation, as well as issues related to energy supply. These factors have contributed to the ongoing increase in prices, which has had an impact on our operations. Additionally, our suppliers are also facing increased operational costs, further worsened by the war in Ukraine. The inflationary and economic risks continue to affect our business and are therefore integral aspects of our customer and financial performance risks.

To address these challenges, our Group has identified the short-term risks and consequences, and has implemented appropriate teams, governance mechanisms, customer offerings, and strategies. However, the long-term effects remain uncertain, and we will closely monitor the situation and adapt our approach accordingly.

Financial risk management

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 Company creditors are predominantly unsecured and interest free. The Company is engaged in maintenance activities for Group entities, consequently creditors are related to such operations. Management believes that the liquidity risk is low considering that the amounts receivable from the Group entities would cover the obligations towards the creditors of the Company and management considers the risk associated with such Group receivables to be low.

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. Debtors predominantly comprise amounts owed by Group undertakings, hence credit risk is determined to be low.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our pension Trustees and beneficiaries of the Company's pension scheme. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and appropriate in all the circumstances.

As is normal for large companies, we delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; health and safety; diversity and inclusivity; environmental matters; governance; compliance; legal and regulatory matters over the course of the financial year. This is done through the consideration of reports which are sent in advance of each Board meeting and through presentations to the Board.

TESCO MAINTENANCE LIMITED**STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023****(continued)****Section 172(1) Statement (continued)**

The Group's Code of Business Conduct defines the standards and behaviours expected of colleagues when interacting with our stakeholders. This is a fundamental part of the Company's culture and training which supports delivery of our Values and protects the reputation of the Company.

The Company's key stakeholders are its colleagues, customers, suppliers, pension Trustees and beneficiaries, and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the some of the engagements that takes place with the Company's stakeholders so as to encourage the directors to understand the issues to which they must have regard please refer pages 26 to 27 of the Tesco PLC 2023 Annual Report.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports on our financial and operational performance, pension and investment matters, non-financial KPIs, risk, health and safety matters. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the company.

Examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us are set out below.

Board activity	Board Consideration
Financial and operational performance	The Board reviewed the financial and operational position and long-term viability of the company, considered the strategic direction and a transformation plan to restructure the business, and reviewed the impact of macroeconomic uncertainty relating to cost and wage inflation. In addition, the Board reviewed their practices for paying suppliers.
Risk Management	The Board has oversight of the most significant risks facing the Company and the arrangements in place to mitigate these risks.
Wider stakeholder engagement	The Board review service delivery for customers, colleagues related matters. The Directors receive regular updates on stakeholder engagement undertaken through the year colleague engagement through the 'Every Voice Matters' surveys, Maintenance conferences roadshows and forums. Throughout the year the Board continued to provide support to colleagues, for example, learning and development for our colleagues. An upweighted technical training plan for our technicians and leadership and management training for people managers. As a result of feedback received from colleagues and following a review of the restructuring and transformation programme, in May 2023, the Board considered the transfer of colleagues, by way of TUPE, to a sister company within the Group, Tesco Stores Limited, to align colleagues pay, hours of work and working arrangements, which will be effective from January 2024. The Board considered the views of colleagues, customers, suppliers in approving the modern slavery statement.

TESCO MAINTENANCE LIMITED

**STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023
(continued)**

Section 172(1) Statement (continued)

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescopl.com.

Approved by the Board of Directors on 5 September 2023 and signed on behalf of the Board by:



Philip Cook
Director

Tesco Maintenance Limited

Registered number: 06003554

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

TESCO MAINTENANCE LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

The Directors present their Report and the unaudited financial statements of the Company for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022 ("2022")).

Results and dividends

This is discussed in the Strategic Report on page 1.

Future developments

This is discussed in the Strategic Report on page 1.

Going concern

The Company remains in a net current asset position. The Directors consider that the Company has adequate resources to remain in operation for a period of at least 12 months from the date of signing the financial statements. Therefore, it continues to adopt the going concern basis in preparing the financial statements. In undertaking their going concern assessment, the Directors have considered the potential impact of a macroeconomic downturn, global supply pressure and climate change, and have concluded that there are no material uncertainties relating to going concern. For further details, please refer to the Tesco PLC Annual Report and Financial Statements 2023.

Events after the reporting period

Details of events after the reporting period can be found in Note 18 to the financial statements.

Political donations

There were no political donations for the period (2022: £nil) and the Company did not incur any political expenditure (2022: £nil).

Research and development

The Company does not undertake any research and development activities (2022: £nil).

Financial risk management

This is discussed in Strategic Report on page 2.

Employee Engagement

We have continued to focus on ensuring that our policies are simple, helpful and trusted, so that our colleagues are able to source the information they need quickly and easily. We have transitioned colleague self-service to online. This support is now available to all colleagues, as it supports and enables an honest and transparent culture. Continuous development of our Colleague Help service in the last year ensures the colleague receives information directly and policies were better utilised. This platform continues to provide helpful feedback and analytics which facilitate our understanding of how and where we can continue to improve our offers.

Over the last year we have continued to work with Usdaw, our recognised trade union in the UK, to improve our policies so that they address the needs of all our colleagues. Our local and national forums are invaluable for giving colleagues a voice and ensuring they are engaged with business decisions. Such feedback helps us drive our business forward as our colleagues are closest to our customers. To supplement these forums, we have also continued our Colleague Contribution Panels (CCPs). These give our colleagues the opportunity to share their views directly with our Non-executive Directors, who then relay them to the Board for further discussion and actions. Our equal opportunities, diversity and inclusion policies support managers and colleagues in creating a diverse and inclusive culture where everyone is welcomed. Our policies demonstrate our commitment to providing equal opportunities to all colleagues, irrespective of age, disability (including colleagues who may have become disabled during service), gender, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation. Our aim is to attract and welcome a diverse range of applicants from all set of different backgrounds. All of our applicants and colleagues will be treated fairly and we have a zero-tolerance approach, not only towards harassment but also towards discrimination and bullying of any kind. This includes an expectation that our recruitment systems are accessible and managers give a full and fair consideration to colleagues who have disabilities during recruitment and subsequently throughout their career with Tesco, including colleagues who may become disabled during their employment where every endeavour will be made to retain colleagues through workplace adjustments.

TESCO MAINTENANCE LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Employees Engagement (continued)

To further strengthen our commitment in this area, we have recently completed a review of all of our family-friendly, flexible working and reasonable adjustments policies across the Group, to establish common minimum standards exceeding legislative requirements, that we can adopt. This is with a view to improving diversity and inclusion outcomes. We have also had a significant focus on creating and maintaining a culture that does not tolerate harassment in any form.

Our colleague networks (Armed Forces, Disability, LGBTQ+, Race & Ethnicity, and Women at Tesco) provide support in creating a diverse and inclusive culture where everyone is welcome. This year we have also introduced a new Parents & Carers network in response to feedback from colleagues who wanted to share experiences in this area and work with us to improve how we best support our colleagues.

We actively encourage colleagues to become involved in the financial performance of our business through our bonus scheme.

In May 2023, the Board considered and approved the transfer, by way of TUPE arrangement, of 1783 employees to Tesco Stores Limited ('TSL') in order to align pay, hours of work, working arrangements and travel with TSL employees.

The Company had 1,801 full time employee equivalents on average during the 52 weeks ended 25 February 2023 (2022: 1,830).

Fostering of Business Relations

Details of the Company's engagement with its stakeholders is included in the section 172(1) statement on page 2 to 3.

Energy and Carbon reporting

The Company's Streamlined Energy and Carbon Reporting (SECR) disclosures form a part of the Group's SECR disclosures, which are discussed on page 105 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

Directors

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

D C Wheeler

N Johnson

P D Cook

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

Director liabilities

The Tesco Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against any of the Group's employees acting as statutory directors to its subsidiary companies. Indemnities have been granted to Tesco PLC directors, the Group General Counsel and Group Company Secretary, to the extent permitted by law, and a qualifying third-party indemnity provision (as defined in Section 234 of the Companies Act 2006) was in force during the year ended 25 February 2023 and remains in force up to the date of signing the financial statements.

TESCO MAINTENANCE LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Modern Slavery Act

As per section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is reviewed and approved by the Board on an annual basis and published on the Tesco PLC website. The statement covers the activities of the Tesco PLC Group and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our own business.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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.

Approved by the Board of Directors on 5 September 2023 and signed on behalf of the Board by:



Philip Cook

Director

Tesco Maintenance Limited

Registered number: 06003554

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

TESCO MAINTENANCE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

	Notes	52 weeks ended 25 February 2023 £'000	52 weeks ended 26 February 2022 £'000
Turnover	4	252,752	248,773
Cost of sales		(244,081)	(238,988)
Gross profit		8,671	9,785
Administrative expenses		(8,670)	(9,782)
Operating profit	5	1	3
Interest payable and similar expenses		(1)	(3)
Result before tax		-	-
Tax on result	7	-	-
Result for the financial period		-	-

There are no material differences between the result before tax and the result for the financial period stated above and their historical cost equivalents in the current and prior period.

All operations are continuing for the current and prior financial periods.

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

The notes on pages 11 to 19 form an integral part of these financial statements.

TESCO MAINTENANCE LIMITED**BALANCE SHEET AS AT 25 FEBRUARY 2023**

	Notes	25 February 2023 £'000	26 February 2022 £'000
Fixed assets			
Intangible assets	9	498	498
Right of use assets	10	-	24
		498	522
Current assets			
Stock	11	10,179	10,123
Debtors: amounts falling due within one year	12	29,961	28,238
Cash at bank		20,249	21,153
		60,389	59,514
Current liabilities			
Creditors: amounts falling due within one year	13	(56,953)	(55,874)
Lease liabilities	10	-	(54)
Provisions for liabilities	14	(162)	(336)
		(57,115)	(56,264)
Net current assets		3,274	3,250
Total assets less current liabilities		3,772	3,772
Net assets		3,772	3,772
Capital and reserves			
Called up share capital	15	1	1
Share premium		780	780
Profit and loss account		2,991	2,991
Total shareholders' funds		3,772	3,772

The notes on pages 11 to 19 form an integral part of these financial statements.

For the 52 weeks ended 25 February 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities

Each Director who is the Director of the Company at the date of approval of these financial statements confirms that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- 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 on pages 8 to 19 were approved by the Board of Directors on 5 September 2023 and signed on its behalf by:

Philip Cook
Director



Tesco Maintenance Limited
Registered number: 06003554

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

TESCO MAINTENANCE LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	Called up share capital*	Share premium	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 27 February 2021	1	780	2,991	3,772
Result and total comprehensive income for the financial period	-	-	-	-
Balance as at 26 February 2022	1	780	2,991	3,772
Result and total comprehensive income for the financial period	-	-	-	-
Balance as at 25 February 2023	1	780	2,991	3,772

*Refer Note 15 for a breakdown of the Called up share capital.

The notes on pages 11 to 19 form an integral part of these financial statements.

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023****1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of Tesco Maintenance Limited (the “Company”) for the 52 weeks ended 25 February 2023 were approved by the Board of Directors on 5 September 2023 and the Balance Sheet was signed on the Board’s behalf by Philip Cook. These financial statements are 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, modified to include certain items at fair value.

The functional currency of the Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company’s financial statements are presented in Pound Sterling, except when otherwise indicated and all values are rounded to the nearest thousands (£’000), except when otherwise indicated.

2. General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered England and Wales under the Companies Act 2006. 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 Strategic 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**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK companies (Adopted IFRSs’), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the Company’s parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirement of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by the paragraph 61(1) of schedule 1 to the Regulation is presented separately for lease liabilities and other liabilities, and in total;
- 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
 - (ii) paragraph 118(e) of IAS 38 Intangible Assets;
 - (iii) paragraph 79(a)(iv) of IAS 1; and
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements.

TESCO MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new IFRS standards and interpretation

There are no new IFRS standards, interpretation and amendments which are effective in the current financial year. Hence there has been no impact in the financial statements.

b) Going concern

The Company remains in a net current asset position, the Directors consider that the Company has adequate resources to remain in operation for a period of at least 12 months from the date of signing the financial statements. Therefore, it continues to adopt the going concern basis in preparing the financial statements. In undertaking their going concern assessment, the Directors have considered the potential impact of a macroeconomic downturn, global supply pressure and climate change, and have concluded that there are no material uncertainties relating to going concern. For further details, please refer to the Tesco PLC Annual Report and Financial Statements 2023.

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 accounting judgements

There are no judgements that have a significant effect on amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key estimates that have a significant effect on amounts recognised in the financial statements relate to the annual staff bonus and provision for damage of hired vehicles.

d) Significant accounting policies

Provisions for liabilities

The Company has a liability provision for damage to leased and hired vehicles. Provisions are measured at the best estimate of the expenditure required to settle the present obligation.

Leases

Whether a contract is, or contains a lease is assessed at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Company as a lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Company is reasonably certain to exercise; penalties for early termination if the lease term reflects the Company exercising a break option; and payments in an optional renewal period if the Company is reasonably certain to exercise an extension option or not exercise a break option.

TESCO MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Leases (continued)

Company as a lessee (continued)

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Company's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets (value when new less than £5,000) and short term leases of 12 months or less are expensed to the income statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Intangible assets (Goodwill)

Goodwill arising on acquisition is carried at cost established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is reviewed for impairment at least annually. The recoverable amount is the higher of the fair value less costs of disposal, and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of an 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

The Company's financial assets include debtors and other receivables. Debtors (including intercompany balances) are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are recorded at amortised cost. Creditors (including intercompany balances) are non-interest bearing and are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest rate method.

Stock

Stock consists of unused service parts at the end of the accounting year and is recorded using the weighted average cost method. Tooling and consumable inventory are expensed to the income statement at the time of purchase.

Cash at bank

Cash at bank represents bank balances in GBP.

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)**

3. Accounting policies (continued)**d) Significant accounting policies (continued)****Income taxes***Current 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 taxes

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. 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 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.

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.

Pension

All employees of the Company are entitled to join the Tesco Maintenance Limited Personal Pension Scheme (formerly Engineering Maintenance Services Group) which is a stakeholder pensions scheme provided by Scottish Widows. The Company contributes 5% and employees contribute at a rate of 3%.

The total pension costs for the stakeholder pension scheme for the period were £2,993k (2022: £3,052k). These costs are included under administrative expenses and cost of sales. Unpaid pension contributions are £nil (2022: £nil) which are included under 'Creditors: amounts falling due within one year'.

4. Turnover

Turnover comprises of fair value of consideration received or receivable for providing maintenance services to other entities within the Group as disclosed in the strategic report. Turnover is recognised at the point the service is provided. Turnover was generated wholly and exclusively in the United Kingdom from providing maintenance services to Group properties including wholesale and retail and wholesale stores, distribution centres and in store cafes on a no mark up basis

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****5. Operating profit**

	52 weeks ended 25 February 2023 £'000	52 weeks ended 26 February 2022 £'000
Operating profit is stated after charging/(crediting)		
Depreciation (Note 10)	24	34
Net damage provision releases for leased/hire cars	(174)	(89)
Cost of stock recognised as an expense	25,775	23,766

6. Staff costs and Directors' remuneration

	52 weeks ended 25 February 2023 £'000	52 weeks ended 26 February 2022 £'000
Wages and salaries	65,169	66,365
Social security costs	7,444	6,472
Other pension cost	2,993	3,052
Total staff costs	75,606	75,889

The average weekly full time equivalents for the Company (excluding Directors) during the 52 weeks ended 25 February 2023 was 1,801 (2022: 1,830). Below mentioned are the categories of employee:

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
Maintenance	1,727	1,745
Office	74	85
Total	1,801	1,830

No remuneration was paid to Company Directors by the Company during the period (2022: £nil).

7. Tax on result**(a) Factors that have affected the tax (charge)/credit.**

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2022: 19%).

The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. As the change to the main UK corporation tax rate was substantively enacted by the balance sheet date the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****7. Tax on result (continued)****(b) Tax (charge)/credit in the Profit and Loss Account**

The analysis of (charge)/credit for the periods is as follows:

	52 weeks ended 25 February 2023 £'000	52 weeks ended 26 February 2022 £'000
Current income tax:		
UK corporation tax on result for financial period	-	-
Total current income tax (charge)/credit	-	-
Deferred tax:		
Current period	-	-
Total deferred tax (charge)/credit	-	-
Tax (charge)/credit in the Profit and Loss Account	-	-

(c) Reconciliation of the tax (charge)/credit

The differences between the total (charge)/credit shown above and the amount calculated by applying the UK corporation tax to the result is as follows:

	52 weeks ended 25 February 2023 £'000	52 weeks ended 26 February 2022 £'000
Result before tax		
Tax credit/(charge) at standard UK corporation tax rate of 19% (2022: 19%)	-	-
Effects of:		
Group relief (surrendered)/ claimed without payment	(43)	(41)
Deferred tax not recognised	43	41
Overall tax (charge)/credit	-	-

8. Deferred tax assets

There are no deferred tax assets recognised by the Company in the current or previous financial periods.

The following are unrecognised deferred tax assets in the current and previous financial period measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date:

	25 February 2023 £'000	26 February 2022 £'000
Unrecognised deferred tax:		
Excess of capital allowances over depreciation	230	286
	230	286

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****9. Intangible assets**

	Goodwill £'000
Cost	
At 26 February 2022	498
At 25 February 2023	498
Net book value	
At 26 February 2022	498
At 25 February 2023	498

10. Leases

Lease liabilities represent rentals payable by the Company for motor vehicles.

Right of use assets

	Motor vehicles £'000
At 25 February 2023 and for the 52 weeks ended 25 February 2023	
Net Carrying value at 26 February 2022	24
Depreciation charge for the year	(24)
Net carrying value at 25 February 2023	-

	Motor vehicles £'000
At 26 February 2022 and for the 52 weeks ended 26 February 2022	
Net Carrying value at 27 February 2021	58
Depreciation charge for the year	(34)
Net carrying value at 26 February 2022	24

All vehicle leases have come to an end and been terminated during the course of the year

Lease liabilities

The following tables show the discounted lease liabilities included in the Company balance sheet and a maturity analysis of the contractual undiscounted lease payments:

	25 February 2023 £'000	26 February 2022 £'000
Lease liabilities		
Current	-	54
Non-current	-	-
Total lease liabilities	-	54

	25 February 2023 £'000	26 February 2022 £'000
Maturity analysis – contractual undiscounted lease payments		
Within one year	-	55
Greater than one year but less than two years	-	-
Total undiscounted lease payments	-	55

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****10. Leases (continued)**

The Company is not committed to payments (2022: £nil) in relation to leases that have been signed but have not yet commenced.

52 weeks ended	52 weeks ended
25 February 2023	26 February 2022
£'000	£'000

Amounts recognised in the Profit and Loss Account

Interest on lease liabilities	1	3
Depreciation on Right of use assets	24	34

11. Stock

	25 February 2023	27 February 2022
	£'000	£'000
Parts	10,179	10,123
	10,179	10,123

The stock is held, net of a provision for obsolescence, amounting to £342k (2022: £315k).

12. Debtors: amounts falling due within one year

	25 February 2023	26 February 2022
	£'000	£'000
Amounts owed by Group undertakings	29,026	27,456
Other debtors	105	161
Prepayments and accrued income	830	621
	29,961	28,238

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

13. Creditors: amounts falling due within one year

	25 February 2023	26 February 2022
	£'000	£'000
Trade creditors	22,534	23,904
Other taxation and social security	1,656	1,710
Accruals	17,338	14,598
Other creditors	15,425	15,662
	56,953	55,874

TESCO MAINTENANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****14. Provisions for liabilities**

	Vehicles	Total
	£'000	£'000
At 27 February 2021	425	425
Amount release in the period	(89)	(89)
At 26 February 2022	336	336
Amount release in the period	(174)	(174)
At 25 February 2023	162	162

Vehicle Damage Provision has been reassessed and provided for based on current year data.

15. Called up share capital

	25 February 2023	26 February 2022
	£'000	£'000
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each (2022: 1,000)	1	1
	1	1

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

16. Related party transactions

During the period the Company entered into transactions, in the ordinary course of business, with other related parties. 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.

17. Ultimate group undertaking and controlling party

The Company's immediate parent undertaking is Tesco Holdings Limited. The Company's ultimate parent undertaking and controlling party is Tesco PLC which is registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the Tesco PLC Annual Report and Financial Statements 2023 are available from the Company Secretary at the registered office address: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom and on the Tesco PLC website.

18. Events after the reporting period

In May 2023 the Board considered and approved the transfer, by way of TUPE arrangement, of 1783 employees to Tesco Stores Limited ('TSL') in order to align pay, hours of work, working arrangements and travel with TSL employees.

There were no other events after the reporting period requiring disclosure.