

TEESPORT (GP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021
Registered Number: 06636155



19/10/21 23:10

TEESPORT (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

The Directors present their Report and the audited financial statements of Teesport (GP) Limited (the "Company") for the 52 weeks ended 27 February 2021 (prior period: 53 weeks ended 29 February 2020 ("2020")).

Business review and principal activity

The principal activity of the Company is to invest into The Teesport Limited Partnership (the "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.

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

Results and dividends

The results for the 52 weeks ended 27 February 2021 show a profit before tax of £11 (2020: £101) and a profit after tax of £52 (2020: £43).

The Company has net assets at the period end of £39,692 (2020: £39,640) and net current assets at the period end of £40,691 (2020: £40,639).

The Directors do not recommend payment of a dividend for the period ended 27 February 2021 (2020: £nil).

Future developments

The Company's future performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Tesco PLC Group's (the "Group") long term strategy, which is discussed on pages 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks relate to the carrying value of the investments that this Company holds.

To manage the risk the Company periodically reviews the financial statements of the entities the Company has investments in.

No impairment losses were recognised during the period (2020: £nil).

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 PLC Group, which include the Company, are discussed on pages 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this Report.

Business risk

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

The COVID-19 pandemic has continued throughout the year in the UK. The nature of the Company's operations is such that COVID-19 does not have a material impact upon the business.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, 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 and have therefore continued to adopt the going concern basis in preparing the financial statements.

Therefore, the Directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

TEESPORT (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Events after the reporting period

Details of events after the reporting period can be found in Note 13 to the financial statements.

Political donations

There were no political donations for the period (2020: £nil) and the Company did not incur any political expenditure (2020: £nil).

Research and development

The Company does not undertake any research and development activities (2020: none).

Financial risk management

The main risk associated with the Company's financial assets and liabilities is 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 amounts owed to Group undertakings are unsecured and interest-free. Further, except for an insignificant portion which is repayable on demand, these balances are repayable on 13 July 2039.

Strategic report

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

Employees

The Company had no employees during the period (2020: none).

Directors

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

J K Buck
J Gibney
Tesco Services Limited

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

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the Tesco PLC Company Secretary (who is also a Director of Tesco Services Limited which is appointed to the Board of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors and Officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

Disclosure of information to auditor

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be 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 section 418 of the Companies Act 2006.

TEESPORT (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (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.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and 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 Company 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 Company law, the Directors must not approve the company 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; 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 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.

Independent auditor

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.

Approved by the Board on 29 July 2021, and signed on behalf of the Board by:



Robert Welch
Director

Teesport (GP) Limited

Registered Number: 06636155

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEESPORT (GP) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Teesport (GP) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 27 February 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related Notes 1 to 13

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEESPORT (GP) LIMITED (continued)

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEESPORT (GP) LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

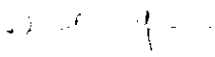
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.


David Griffin FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 July 2021

TEESPORT (GP) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021**

	Notes	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
		£	£
Operating result	4	-	-
Interest receivable and similar income		11	101
Profit before tax		11	101
Tax credit (charge) on profit	5	41	(58)
Profit for the financial period		52	43

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

There is no other comprehensive income or loss in the years presented; therefore no Statement of Comprehensive Income has been prepared.

The notes on pages 10 to 16 form an integral part of these financial statements.

TEESPORT (GP) LIMITED**BALANCE SHEET AS AT 27 FEBRUARY 2021**

	Notes	27 February 2021 £	29 February 2020 £
Fixed assets			
Investments	6	1	1
		1	1
Current assets			
Deferred tax asset	5	828	511
Cash at bank and in hand		40,141	40,380
		40,969	40,891
Creditors: amounts falling due within one year	7	(278)	(252)
Net current assets		40,691	40,639
Total assets less current liabilities		40,692	40,640
Creditors: amounts falling due after more than one year	8	(1,000)	(1,000)
Net assets		39,692	39,640
Capital and reserves			
Called up share capital	9	3,000	3,000
Share premium		29,360	29,360
Profit and loss account		7,332	7,280
Total shareholders' funds		39,692	39,640

The notes on pages 10 to 16 form an integral part of these financial statements.

The financial statements on pages 7 to 16 were approved by the Board and authorised for issue on 29 July 2021. They were signed on its behalf by:



Robert Welch
 Director
 Teesport (GP) Limited
 Registered Number: 06636155
 Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7, 1GA, United Kingdom

TEESPORT (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
27 FEBRUARY 2021**

	Called up share capital* £	Share premium £	Profit and loss account £	Total £
Balance as at 23 February 2019	3,000	29,360	7,237	39,597
Profit and total comprehensive income for the financial period	-	-	43	43
Balance as at 29 February 2020	3,000	29,360	7,280	39,640
Profit and total comprehensive income for the financial period	-	-	52	52
Balance as at 27 February 2021	3,000	29,360	7,332	39,692

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

The notes on pages 10 to 16 form an integral part of these financial statements.

TEESPORT (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

1. Statement of compliance

The financial statements of Teesport (GP) Limited (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 on a going concern basis under the historical cost convention.

2. General information

The Company is a private company, limited by shares and is incorporated and domiciled in 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 activities are set out in the Directors' Report on pages 1 to 3.

The Company is exempt from the preparation of consolidated financial statements, as the Company's accounting records are consolidated within the financial statements of its immediate parent undertaking, Tesco Blue (GP) Limited. As such, these financial statements have been prepared on a standalone basis. The financial statements of Tesco Blue (GP) Limited Group are publically available and can be obtained from the Company Secretary, as outlined in Note 11.

The financial statements are prepared under the historical cost convention, as modified by recognition of financial instruments measured at fair value.

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

3. Accounting policies

a) Basis of preparation

The Company is a wholly owned subsidiary of Tesco Blue (GP) Limited and is included in the consolidated financial statements of Tesco Blue (GP) Limited, which are publicly available. The Company is a qualifying entity for the purposes of FRS 102. Consequently as per section 1.12(b) the Company, has taken the exemption from the requirement to prepare a Cash Flow Statement under the terms of FRS 102 section 7 "Statement of Cash Flows" and disclosing details of transactions with fellow wholly owned subsidiary entities.

b) Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, 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 and have therefore continued to adopt the going concern basis in preparing the financial statements.

Therefore, the Directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of Company's accounting policies, which are described hereafter, 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.

TEESPORT (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

d) Significant accounting policies

Investments

Investments in group undertakings are stated at cost plus incidental expenses less where appropriate provisions for impairment. Impairment is reviewed annually with movements taken to the Profit and Loss Account. The Company elected to adopt the cost model for holding its investments as permitted under Section 9 of FRS 102.

Impairment of investments

At each Balance Sheet date, the Company reviews the carrying amounts of the investments to determine whether there is any need for impairment in accordance with Section 27 of FRS 102, "Impairment of Assets". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

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

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at transaction price including 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.

Financial liabilities

Initial recognition and measurement

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at transaction cost 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:

Creditors

Creditors are non-derivative financial liabilities with fixed or determinable payments. Such liabilities are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the Profit and Loss Account. For a non-interest bearing creditors that is payable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid.

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.

Investment income

Investment income is the cash distribution of the Company's share of the profits in its investments. Investment income is recognised when the Company has right to receive the distributions from its investments.

TEESPORT (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)****3. Accounting policies (continued)****d) Significant accounting policies (continued)****Income taxes**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the 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 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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. 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.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprise cash at banks and in hand.

Interest payable and receivable

Interest payable and receivable is calculated on an accrual basis.

TEESPORT (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)****4. Operating profit**

The Directors received no emoluments for their services to the Company (2020: £nil).

The Company had no employees during the period (2020: none).

The auditor's remuneration of £3,000 (2020: £3,000) for the current period and prior period was borne by the Teesport Limited Partnership. The non-audit fees for the period is £nil (2020: £nil).

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

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% (2020: 19%).

At the Budget 2021 on 3 March 2021, the Government announced that the Corporation Tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to capital allowances and treatment of losses. These changes were not substantively enacted or enacted at balance sheet date and the company has not undertaken a full analysis of the impact of the changes.

The tax charge relates to the General Partner's share of any taxable profit charge incurred within the Limited Partnership.

The share is representative of its holding within its investment, as shown in Note 6.

(b) Tax credit/(charge) in the Profit and Loss Account

The analysis of the charge for the period is as follows:

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Current tax charge:		
- UK corporation tax on profit for financial period	(276)	(250)
Total current income tax charge	(276)	(250)
Deferred tax charge:		
- Original and reversal of timing differences	257	215
- Impact of rate change adjustment	60	(23)
Total deferred tax charge	317	192
Total tax credit/(charge) in the Profit and Loss Account	41	(58)

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

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

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Profit before tax	11	101
Tax charge at standard UK corporation tax rate of 19.00% (2019: 19%)	(2)	(19)
Effects of:		
- Expenses not deductible for tax purposes	(17)	(16)
- Impact of rate change adjustment	60	(23)
Total tax credit/(charge)	41	(58)

TEESPORT (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)****5. Tax credit/(charge) on profit (continued)****(d) Current tax liabilities**

	27 February 2021 £	29 February 2020 £
UK corporation tax payable	276	250
Total corporation tax payable	276	250

(e) Deferred tax asset

The following are the major deferred tax (liabilities)-assets recognised by the Company and movements thereon during the current and prior financial periods 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 substantially enacted by the Balance Sheet date.

	Short term timing difference £	Property related items £	Total £
As at 23 February 2019	1,974	(1,655)	319
Original and reversal of timing differences:			
- In respect of current period	253	(38)	215
- In respect of rate change	(27)	4	(23)
At 29 February 2020	2,200	(1,689)	511
Original and reversal of timing differences:			
- In respect of current period	288	(31)	257
- In respect of rate change	259	(199)	60
At 27 February 2021	2,747	(1,919)	828

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where assets and liabilities relate to income taxes levied by the same taxation authority.

6. Investments

	£
Cost	
As at 29 February 2020	1
As at 27 February 2021	1
Net book value	
As at 29 February 2020	1
As at 27 February 2021	1

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

TEESPORT (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)****6. Investments (continued)**

Details of investments at the period end are as follows:

Other investment	Registered Office Address	% Interest held	Direct/Indirect holding	Nature of business
The Teesport Limited Partnership	Tesco House Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA United Kingdom	0.10%	Direct	Property investment

7. Creditors: amounts falling due within one year

	27 February 2021	29 February 2020
	£	£
Amount owed to Group undertakings	2	2
Corporation tax payable	276	250
	278	252

Amounts due to the Partnership 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

	27 February 2021	29 February 2020
	£	£
Amount due to Tesco Property Finance 1 PLC	1,000	1,000
	1,000	1,000

Amounts due to the Tesco Property Finance 1 PLC are unsecured, interest free, and are repayable on 13 July 2039.

9. Called up share capital

	27 February 2021	29 February 2020
	£	£
Allotted, called up and fully paid 3,000 Ordinary shares of £1 each (2020: 3,000 Ordinary shares of £1 each)	3,000	3,000
	3,000	3,000

The Ordinary shares have full and equal rights to participate in voting in all circumstances. The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they confer rights of redemption.

10. Reserves

Profit and Loss Account comprises of prior and current year's undistributed earnings after tax.

Share premium account includes the premium on issues of equity shares, net of any issue costs.

TEESPORT (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)****11. Ultimate parent undertaking**

The Company's immediate parent undertaking is Tesco Blue (GP) Limited. Tesco Blue (GP) Limited is jointly owned by Tesco Property Holdings (No. 2) Limited and Tesco Pension Trustees Limited. Tesco Pension Trustees Limited purchased the shares in Tesco Blue (GP) Limited on behalf of the Tesco PLC Pension Scheme (the "Scheme") and is required to act in the best interests of the Scheme.

The ultimate parent company and controlling party is Tesco PLC, which is incorporated in the United Kingdom and registered in England and Wales.

Copies of the Tesco PLC Annual Report and Financial Statements 2021 are available from the the Company Secretary at the registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

12. Related party transactions

During the 52 week period ended 27 February 2021, the Partnership entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 27 February 2021, are as follows:

All related parties' transactions are with Investment in partnership firm and subsidiaries of the ultimate parent undertaking.

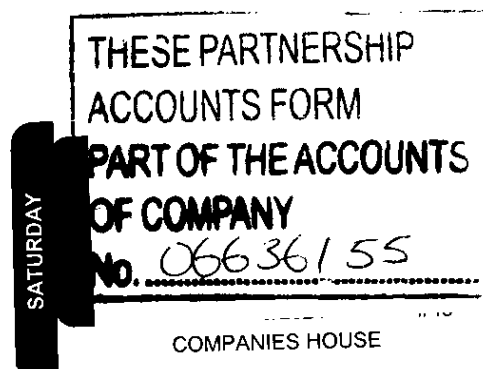
Balances	2021 £		2020 £	
	Debtors	Creditors	Debtors	Creditors
The Teesport Limited Partnership	-	2	-	2
Tesco Property Finance 1 PLC	-	1,000	-	1,000

For further details on related party transactions, refer Note 7 and 8.

13. Events after the reporting period

There are no material events since the Balance Sheet date which requires disclosure.

THE TEESPORT LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021
Registered Number: LP013061



THE TEESPORT LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

Teesport (GP) Limited (the "General Partner") presents its Report and the audited financial statements of The Teesport Limited Partnership (the "Partnership") for the 52 weeks ended 27 February 2021 (prior period: 53 weeks ended 29 February 2020 ("2020")). During the period, Teesport (GP) Limited acted as the General Partner and The Teesport Unit Trust acted as limited partner of the Partnership.

Teesport (GP) Limited is wholly owned by Tesco Blue (GP) Limited. The Teesport Unit Trust is owned by the Tesco Blue Limited Partnership, the Tesco Blue Unit Trust and Tesco Blue (3LP) Limited.

The Partnership was originally constituted under an Initial Partnership Agreement, which was then superseded by the amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") on 25 June 2009.

Business review and principal activity

The principal activity of the Partnership is to carry out property investment in one distribution centre for which rental income is received.

There has been no significant change in the nature or level of this activity during the period and the General Partner does not expect this to change significantly throughout the next financial period.

The financial statements of the Partnership have been prepared in accordance with the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ("FRS 102").

Results and distributions

The results for the period show a profit after tax of £4,423,279 (2020: £2,099,555) and total comprehensive income of £3,908,195 (2020: £1,484,725). During the period the Partnership has received rental income of £6,886,047 (2020: £6,868,346).

During the period the Partnership distributed £nil (2020: £nil).

The Partnership has net assets of £3,610,119 (2020: net liabilities of £298,076) at the period end and net current assets of £3,901,865 (2020: £4,170,416). Future rental income streams are hedged through an RPI linked swap to ensure that the Partnership can meet its financial obligations.

Future developments

The Partnership's future developments form a part of the Tesco PLC Group's (the "Group") long term strategy, which is discussed on pages 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this Report.

The Partnership's performance is expected to continue throughout the next financial period and it is anticipated that current performance levels will be maintained.

Principal risks and uncertainties

The Partnership's activities expose it to risks and uncertainties as summarised below. The Partnership's financial instruments comprise solely the Partnership Loan and Retail Price Index (RPI)-linked swap arrangements.

The principal risks and uncertainties are related to property investment into the distribution centre. These risks include the exposure to fluctuations in the open market value of the investment properties.

The property portfolio is managed to ensure its value is maximised.

From the perspective of the Partnership, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Tesco PLC Group, which include the Partnership, are discussed on pages 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this Report.

THE TEESPORT LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Business risk

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

The Company is by virtue of the tenants of its properties exposed to the impact of the pandemic.

The Company's principal business relationships are with Tesco PLC Group companies which, by nature of their business, have continued to operate as essential businesses during the pandemic. This has served to mitigate some of the risk the Company is exposed to.

The financial impact of the pandemic for the financial year upon the Tesco PLC Group companies is noted in the Tesco PLC Annual Report and Financial Statements 2021. The wider Tesco Group continues to assess, monitor and, where possible mitigate the risks and impacts of the pandemic upon the Company and its stakeholders, particularly as restrictions are eased in line with the UK Government roadmap.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Partnership will be able to continue principal business over the period of at least twelve months from the date of signing of financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its sole customer, Tesco Stores Limited and its ability to discharge its obligations under the property portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership Loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into a RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected.

The General Partner has produced 12 months cash flow forecasts from date of signing financial statements demonstrating the Partnership's ability to continue as a going concern.

Whilst COVID-19 is a threat to many businesses, management's assessment is that demand for the Partnership's properties is not expected to suffer, as primarily the tenants of the properties are grocery retailers, which have functioned as essential businesses throughout the pandemic and will continue to operate afterwards. The assessment is therefore that there is no threat to Going Concern.

With the swap arrangement deemed to be commercially viable, the General Partner believes that the Partnership will continue as a going concern. Therefore, the General Partner considers that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting period

Details of events after the reporting period can be found in Note 20 to the financial statements.

Political donations

There were no political donations for the period (2020: £nil) and the Partnership did not incur any political expenditure (2020: £nil).

Research and development

The Partnership does not undertake any research and development activities (2020: none).

THE TEESPORT LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Financial risk management

The main risks associated with the Partnership'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 credit risk posed by the Partnership's sole customer, Tesco Stores Limited, is determined to be low, yet the property manager monitors the credit risk of Tesco PLC (ultimate parent of Tesco Stores Limited) to ensure their ability to discharge their obligations as lessee.

The Partnership's own credit risk is also managed through the use of an RPI-rate swap contract to fix its cash inflows so that it is able to meet its fixed rate interest and capital repayments along with its administrative costs.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting its obligations associated with its financial liabilities. The principal risk and uncertainties are related to property investments in the distribution centre and the obligation to make repayments against loans when due. These risks include the exposure to fluctuations in the fair market value and the occupancy of the investment properties. The Partnership manages this through using a managing agent, who manages its occupational lease and actively manages the receipt of arrears for the Partnership.

Cash flow risk

The Partnership's activities expose it primarily to the financial risks of changes in RPI rates which could cause the Partnership difficulty in meeting its obligations if the level of RPI uplifts does not rise enough to enable the Partnership to meet its obligations under the loan agreement. See Note 13 for further information with regards to the risks identified. The Partnership uses RPI rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Strategic Report

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

Employees

The Partnership had no employees during the period (2020: none).

Partners

The partners, including the General Partner are set out in Note 14 of the financial statements.

Disclosure of information to auditor

At the date of approval of this report, the General Partner confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the General Partner has taken all the steps that ought to have been taken as a General Partner to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. The financial statements have been prepared in accordance with part 13 of the Limited Partnership Agreement 2009 and part 15 of the Companies Act 2006 as required under the Regulations.

THE TEESPORT LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Cautionary statement regarding forward looking information

Where this document contains forward-looking statements, these are made by the General Partner 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.

General Partner's Responsibilities Statement

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Company law as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Partnership to prepare financial statements for each financial period. Under that law the General Partner has prepared the Partnership financial statements in accordance with FRS 102 (the Financial Reporting Standards applicable in United Kingdom and the Republic of Ireland).

Under the Limited Partnership Act 1907, as amended by the Company law, as applied to qualifying Partnerships, the General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.


The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Partnership. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is required to act in the best interests of the Partnership and to perform its obligations under the Limited Partnership Agreement.

Independent auditor

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.

Approved by the General Partners on 29 July 2021, and signed on behalf of the General Partner by:



Robert Welch
For and behalf of the General Partner
Teesport (GP) Limited
Registered Number: 06636155
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TEESPORT LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Teesport Limited Partnership (the 'qualifying partnership'):

- give a true and fair view of the state of the qualifying partnership's affairs as at 27 February 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Partner's Interest;
- the Statement of Cash Flow;
- Reconciliation of Net Cash Flow to Movement in Net Debt; and
- the related Notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The General Partner is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TEESPORT LIMITED PARTNERSHIP (continued)

Responsibilities of General Partner

As explained more fully in the General Partner's responsibilities statement, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the qualifying partnership's industry and its control environment, and reviewed the qualifying partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the qualifying partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the UK Companies Act as applied to qualifying partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the qualifying partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in respect of the valuation of investment properties and in response we performed the following specific procedures:

- we obtained and reviewed the property valuation reports prepared by a third party expert engaged by the qualifying partnership;
- we evaluated the methods and assumptions used by the expert in deriving the valuations; and
- we reconciled the property valuation report to the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TEESPORT LIMITED PARTNERSHIP (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the General Partner's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the General Partner's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the General Partner's report.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report in respect of the following matters 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 general partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the general partners were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the qualifying partnership's general partner, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's general partner 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 qualifying partnership and the qualifying partnership's general partner as a body, for our audit work, for this report, or for the opinions we have formed.



David Griffin FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 July 2021

THE TEESPORT LIMITED PARTNERSHIP**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021**

		52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	Notes	£	£
Rental income		6,886,047	6,868,346
Gain on revaluation of investment properties	8	3,042,396	773,019
Administrative expenses		(161,671)	(148,831)
Operating profit	4	9,766,772	7,492,534
Interest receivable and similar income	5	163,668	338,384
Interest payable and similar charges	6	(5,507,161)	(5,731,363)
Profit before tax		4,423,279	2,099,555
Tax on profit	7	-	-
Profit for the financial period		4,423,279	2,099,555

All operations are continuing for the financial period.

The notes on pages 14 to 25 are an integral part of these financial statements.

THE TEESPORT LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Profit for the financial period	4,423,279	2,099,555
Other comprehensive loss:		
Cash flow hedges		
Losses arising in the period	(515,084)	(614,830)
Total comprehensive income for the period	3,908,195	1,484,725

All operations are continuing for the financial period.

The notes on pages 14 to 25 are an integral part of these financial statements.

THE TEESPORT LIMITED PARTNERSHIP**BALANCE SHEET AS AT 27 FEBRUARY 2021**

	Notes	27 February 2021 £	29 February 2020 £
Fixed asset			
Investment properties	8	101,021,684	97,979,288
		<u>101,021,684</u>	<u>97,979,288</u>
Current assets			
Debtors: amounts falling due within one year	9	34,519	34,493
Debtors: amounts falling due after more than one year	10	5,905,831	5,938,227
Cash at bank and in hand		373,291	367,764
		<u>6,313,641</u>	<u>6,340,484</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(2,411,776)	(2,170,068)
Net current assets		<u>3,901,865</u>	<u>4,170,416</u>
Total assets less current liabilities		<u>104,923,549</u>	<u>102,149,704</u>
 Creditors amounts falling due after more than one year	 12	 (101,313,430)	 (102,447,780)
Net assets/(liability)		<u>3,610,119</u>	<u>(298,076)</u>
 Partners' interest			
Partners' capital accounts	14	2	2
Cash flow hedge reserve	14	(35,666,671)	(35,151,587)
Profit and loss account	14	39,276,788	34,853,509
Partners' interest		<u>3,610,119</u>	<u>(298,076)</u>

The notes on pages 14 to 25 are an integral part of these financial statements.

The financial statements on pages 8 to 25 were approved by the General Partner and authorised for issue on 29 July 2021. They were signed on its behalf by:



Robert Welch
For and behalf of the General Partner
Teesport (GP) Limited
Registered Number: 06636155
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

THE TEESPORT LIMITED PARTNERSHIP**STATEMENT OF CHANGES IN PARTNERS' INTERESTS FOR THE 52 WEEKS
ENDED 27 FEBRUARY 2021**

	Partners' capital accounts	Cash flow hedge reserve	Profit and loss account	Total
	£	£	£	£
Balance as at 23 February 2019	2	(34,536,757)	32,753,954	(1,782,801)
Profit for the financial period	-	-	2,099,555	2,099,555
Other comprehensive loss for the period	-	(614,830)	-	(614,830)
Total comprehensive income for the period	-	(614,830)	2,099,555	1,484,725
Balance as at 29 February 2020	2	(35,151,587)	34,853,509	(298,076)
Profit for the financial period	-	-	4,423,279	4,423,279
Other comprehensive loss for the period	-	(515,084)	-	(515,084)
Total comprehensive income for the period	-	(515,084)	4,423,279	3,908,195
Balance as at 27 February 2021	2	(35,666,671)	39,276,788	3,610,119

The notes on pages 14 to 25 are an integral part of these financial statements.

THE TEESPORT LIMITED PARTNERSHIP**STATEMENT OF CASH FLOW FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021**

		52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	Notes	£	£
Net cash flow from operating activities	15	6,871,204	6,717,137
Cash flows from investing activities			
Interest received		186,245	354,649
Net cash flow from investing activities		186,245	354,649
Cash flow from financing activities			
Interest paid		(5,387,632)	(5,508,676)
Loan repayments		(1,664,290)	(1,543,247)
Net cash used in financing activities		(7,051,922)	(7,051,923)
Net increase in cash and cash equivalents		5,527	19,863
Cash and cash equivalents at the beginning of the period		367,764	347,901
Cash and cash equivalents at the end of the period		373,291	367,764

The notes on pages 14 to 25 are an integral part of these financial statements.

THE TEESPORT LIMITED PARTNERSHIP

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR
THE 52 WEEKS ENDED 27 FEBRUARY 2021**

	Notes	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
		£	£
Increase in cash and cash equivalents	16	5,527	19,863
Decrease in debt	16	1,007,101	689,465
Opening net debt	16	(103,609,778)	(104,319,106)
Closing net debt		<u>(102,597,150)</u>	<u>(103,609,778)</u>

The notes on pages 14 to 25 are an integral part of these financial statements.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

1. Statement of compliance

The financial statements of the Teesport Limited Partnership (the "Partnership") have been prepared in accordance with FRS 102 (the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland) and in accordance with the Companies Act 2006 as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (and as required by the amended and restated Limited Partnership Agreement).

2. General information

The Partnership was established on 3 July 2008 and is registered as a Limited Partnership in England and Wales under the Limited Partnership Act 1907. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the Limited Partnership Agreement on 25 June 2009. The Partnership is limited by Partners' capital.

The functional and presentation currency of the Partnership is Pound Sterling (£) because that is the currency of the primary economic environment in which the Partnership operates.

The financials are rounded to the nearest Pound Sterling (£), 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 Partnership's operations and its principal activities are set out in the General Partner's 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 Partnership are prepared on the going concern basis under the historical cost convention, as modified by revaluation of certain investment properties and recognition of financial derivative instruments measured at fair value.

The Partnership also elected to adopt the fair value model for holding its investment property, as permitted under section 16 of FRS 102. The Partnership has included the fair value of its hedging instruments within the Balance Sheet and hedging reserve, per Section 12 of FRS 102.

b. Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Partnership will be able to continue principal business over the period of at least twelve months from the date of signing of financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its sole customer, Tesco Stores Limited and its ability to discharge its obligations under the property portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership Loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into an RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected.

The General Partner has produced 12 months cash flow forecasts from date of signing financial statements demonstrating the Partnership's ability to continue as a going concern.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

b. Going concern (continued)

Whilst COVID-19 is a threat to many businesses, management's assessment is that demand for the Partnership's properties is not expected to suffer, as primarily the tenants of the properties are grocery retailers, which have functioned as essential businesses throughout the pandemic and will continue to operate afterwards. The assessment is therefore that there is no threat to Going Concern.

With the swap arrangement deemed to be commercially viable, the General Partner believes that the Partnership will continue as a going concern. Therefore, the General Partner considers that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

c. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the General Partner to make judgements, estimates and assumptions in applying the Partnership'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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimation of future RPI rates impact upon the valuation of the derivative instrument. Management has applied their own internal estimations of future RPI movements. This has been benchmarked against market-data for accuracy and is in line with the methodologies used by Tesco PLC in valuing their derivative instruments. A credit risk is also applied to the counterparty in estimating the valuation of the derivative instrument.

For investment properties, determining the value requires an estimation of expected open market rental income as well as an expected yield to calculate its fair value. Please refer Note 8 for details.

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

d. Significant accounting policies

Investment properties

The Partnership carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Partnership engaged independent valuation specialists to determine fair value at 27 February 2021.

The valuation is undertaken on an open market basis, deemed to be representative of fair value. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in Note 8.

No amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated, is, in the opinion of the General Partner, necessary to show a true and fair view. The financial effect of this departure cannot be reasonably quantified, as amortisation or depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases and rental income

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

The properties owned by the Partnership are being leased out under operating leases. Rental income is recognised in the Profit and Loss Account when earned, with rent received in advance being deferred on the Balance Sheet.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Leases and rental income (continued)

The leases are subject to annual uplifts which are linked to the Retail Price Index (RPI), subject to a minimum annual increase of 2.5% and a maximum annual increase of 5%.

All of the rental income generated during the period was generated in the United Kingdom by letting out properties which are all located in the United Kingdom.

In line with the requirements of Section 20.25 of FRS 102, as the rental income has been structured to increase in line with the expected general inflation to compensate for the Partnership's expected inflationary cost increases, the Partnership has not recognised rental income from operating leases on a straight line basis.

The Partnership operates within one business segment being that of the leasing of its investment properties with business principally transacted in the United Kingdom (UK).

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership 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

The Partnership determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at transaction price including 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 Partnership commits to purchase or sell the asset. The Partnership's financial assets include cash, debtors and other receivables.

Subsequent measurement

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

Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at transaction price 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 interest income in the Profit and Loss Account. For a non-interest bearing debtors that is receivable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be received (i.e. net of impairment). Losses arising from impairment are recognised in the Profit and Loss Account in other operating expenses. Cash, debtors and other receivables are carried as debtors.

Financial liabilities

Initial recognition and measurement

The Partnership determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at transaction value and in the case of loans and borrowings, plus directly attributable transaction costs. The principal financial liabilities include loan, other payable and derivative financial instrument.

Subsequent measurement

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

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement (continued)

Creditors

Creditors are financial liabilities with fixed or determinable payments. Such liabilities are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method (EIR). Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the Profit and Loss Account. For a non-interest bearing creditors that is payable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid. Loans and other payables are classified within creditors.

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 Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Partnership, 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.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Partnership uses derivative financial instruments to reduce exposure to RPI rate movements. The Partnership does not hold or issue derivative financial instruments for speculative purposes; however, if derivatives do not qualify for hedge accounting they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in Profit and Loss Account. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. In order to qualify for hedge accounting, the Partnership is required to document from inception the relationship between the item being hedged and the hedging instrument.

The Partnership is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each financial reporting date to ensure that the hedge remains highly effective. Furthermore, at the inception of the hedge the Partnership determines and documents causes for hedge ineffectiveness.

Derivative financial instruments with maturity dates of more than one year from the Balance Sheet date are disclosed as non-current.

Note 13 sets out details of the fair value of the derivative instruments used for hedging purposes.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Partnership's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Cash flow hedging (continued)

The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in other comprehensive income. The associated cumulative gain or loss is reclassified from other comprehensive income and recognised in the Profit and Loss Account in the same period or periods during which the hedged transaction affects the Profit and Loss Account. The classification of the effective portion when recognised in Profit and Loss Account is the same as the classification of the hedged transaction. Any element of the re-measurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the Profit and Loss Account within interest income or expense.

Hedge accounting is discontinued when the Partnership revokes the hedging relationship, hedging instrument expires or is sold, terminated or exercised, or if a voluntary de-designation takes place or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in the Statement of Changes in Equity until the forecast transaction occurs or the original hedged item affects the Profit and Loss Account. If a forecast hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Statement of Changes in Equity is reclassified to the Profit and Loss Account.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Cash and net debt

Cash is represented by balance with banks. Net debt is comprised of loans advanced to the Partnership and cash.

Allocation of profits and drawings

The net profits of the Partnership incurred in each period are divided between the partners in the following proportions:

Teesport Unit Trust	99.90%
Teesport (GP) Limited	0.10%

Any net losses of the Partnership in each period are borne by the partners in the same proportion that they share the balance of the net profits of the Partnership.

Interest payable and receivable

Interest payable and receivable is calculated on an accrual basis.

4. Operating profit

The General Partner received no emoluments for its services to the Partnership (2020: £nil).

The auditor's remuneration in respect of audit services in the period amounted to £9,150 (2020: £9,150). The non-audit fees for the period is £nil (2020: £nil). The audit fees were borne on the Partnership's behalf by another Group company.

The Partnership had no employees during the period (2020: none).

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

5. Interest receivable and similar income

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Income from derivative financial instrument	163,223	334,704
Interest received on bank deposits	445	3,680
Total	163,668	338,384

6. Interest payable and similar charges

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Interest payable on other loans	5,507,161	5,731,363
Total	5,507,161	5,731,363

The interest payable on other loans is related to the loan provided by Tesco Property Finance 1 PLC (refer Note 11 and 12).

7. Tax on profit

The financial information does not incorporate any charge or liability for tax on the results of the Partnership, as the relevant income tax or tax on capital gains is the responsibility of the individual partners.

8. Investment properties

	27 February 2021	29 February 2020
	£	£
Land and building:		
Valuation:		
Opening balance	97,979,288	97,206,269
Revaluation	3,042,396	773,019
Closing balance	101,021,684	97,979,288

The investment properties have been valued by Cushman and Wakefield LLP (The "Valuer") who is deemed to be a suitably qualified valuer by the General Partner. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

This fair value has been determined by an independent valuer, by applying an appropriate rental yield to the rentals earned by the investment properties. There are no lease incentives.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

8. Investment properties (continued)

The property has been valued on the basis of market value which the valuer confirms to be fair value, as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. This has been subject to any existing leases of guarantees; otherwise assuming vacant possession.

The average yield across the portfolio is 6.90% (2020: 6.94%) with an average rental income of £78.79 (2020: £76.90) per square metre of gross internal floor area.

There were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal, nor were there any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

9. Debtors: amounts falling due within one year

	27 February 2021	29 February 2020
	£	£
Amounts owed by Teesport (GP) Limited	2	2
VAT	2,032	2,006
Lease incentive debtor	32,485	32,485
	34,519	34,493

Amounts owed by Teesport (GP) Limited are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Debtors: amounts falling due after more than one year

	27 February 2021	29 February 2020
	£	£
Amounts owed by Group undertakings	5,350,000	5,350,000
Lease incentive debtor	555,831	588,227
	5,905,831	5,938,227

The loan owed by Group undertakings is unsecured, interest free and is repayable in 2039.

11. Creditors: amounts falling due within one year

	27 February 2021	29 February 2020
	£	£
Accruals	267,950	203,173
Deferred income	486,815	437,133
Loan from Tesco Property Finance 1 PLC	1,657,011	1,529,762
	2,411,776	2,170,068

Refer Note 12 for details on terms of the loan taken from Tesco Property Finance 1 PLC.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

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

	27 February 2021	29 February 2020
	£	£
RPI linked derivative instrument	35,647,640	35,109,978
Tesco Property Finance 1 PLC	65,665,790	67,337,802
	101,313,430	102,447,780

The loan from Tesco Property Finance 1 PLC incurs interest at a fixed rate of 7.6227% and has a maturity period to 2039.

The loan principal at the date of issue was £85,021,944 and loan issue costs were £3,005,976. The total value of the loan, net of loan issue costs as at 27 February 2021 is £67,322,801 (2020: £68,867,564). The Partnership holds a back to back arrangement with Tesco PLC. Tesco PLC holds a cash flow hedge arrangement externally. All arrangements have been set up to manage the cash flow fluctuation generated from the cash inflows of the Partnership.

13. Financial instruments

The Partnership holds a back-to-back arrangement with Tesco PLC, which holds an RPI-linked derivative arrangement externally. Both the swap and the loan are considered to be Level 2 financial liabilities under the fair value hierarchy, being that they are based on inputs other than quoted prices that are observable either directly or indirectly.

The main financial risk faced by the Partnership relates to fluctuations in RPI rates, the risk of default by counter parties to financial transactions, and the availability of funds to meet business needs. The management of these risks is outsourced as approved in the Limited Partnership Agreement. The outsourcing arrangements are monitored by the General Partners. The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the RPI and this gives rise to inherent uncertainty as to their fair value.

RPI rate risk

The Partnership's debt is issued at fixed rates with the principal repayments increasing over the term of the loan. Cash inflows are subject to annual uplifts in RPI that may not cover the Partnership's cash outflows. This exposes the Partnership to RPI rate risk which is managed through the use of derivative instruments.

Credit risk

Credit risk arises from the cash and cash equivalents, debtors, other receivables and financial instruments. The management of these risks is outsourced as approved in the Limited Partnership Agreement.

The counterparty exposure under derivative contracts is £35,647,640 (2020: £35,109,978) with the derivative being a liability to the Partnership.

Liquidity risk

Liquidity risk is managed by short-term and long-term cash flow forecasts.

The Partnership considers its maximum liquidity risk to be £103,725,207 (2020: £104,617,848), being the Partnership's total financial liabilities.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

13. Financial instruments (continued)

Sensitivity analysis

The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the RPI and this gives rise to inherent uncertainty as to their fair value.

As the RPI rates are hedged at a fixed rate, any increase or decrease will have nil impact. Sensitivity analysis is not shown as it has a nil impact.

Capital risk

The Partnership's objectives when managing capital (defined as net debt plus partners' interests) are to safeguard the Partnership's ability to continue as a going concern in order to provide returns to partners, while maintaining a strong credit rating and headroom through an appropriate balance of debt and equity funding. The Partnership manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Partnership.

Financial assets and liabilities by category

The accounting classifications of each class of financial asset and liability as at 27 February 2021 and 29 February 2020 are as follows:

	Loans and receivables/ other financial liabilities	Fair value through other comprehensive income	Total
	£	£	£
At 27 February 2021			
Cash and cash equivalents	373,291	-	373,291
Other receivables	5,940,350	-	5,940,350
Long-term borrowings	(65,665,790)	-	(65,665,790)
Short-term borrowings	(1,657,011)	-	(1,657,011)
RPI linked derivative instrument	-	(35,647,640)	(35,647,640)
Other payables	(754,766)	-	(754,766)
	(61,763,926)	(35,647,640)	(97,411,566)

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

13. Financial instruments (continued)

Financial assets and liabilities by category

	Loans and receivables/ other financial liabilities	Fair value through other comprehensive income	Total
At 29 February 2020	£	£	£
Cash and cash equivalents	367,764	-	367,764
Other receivables	5,972,720	-	5,972,720
Long-term borrowings	(67,337,802)	-	(67,337,802)
Short-term borrowings	(1,529,762)	-	(1,529,762)
RPI linked derivative instrument	-	(35,109,978)	(35,109,978)
Other payables	(640,306)	-	(640,306)
	(63,167,386)	(35,109,978)	(98,277,364)

There is no netting off in relation to any of the above financial assets and liabilities.

14. Cumulative partners' account

Partners Accounts as at 29 February 2020	Partners' capital accounts £	Cash flow hedge reserve £	Profit and Loss Account £	Total £
Teesport Unit Trust	1	(35,631,004)	39,237,511	3,606,508
Teesport (GP) Limited	1	(35,667)	39,277	3,611
Total	2	(35,666,671)	39,276,788	3,610,119

The Partnership was formed on 3 July 2008. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the third amended and restated Limited Partnership Agreement on 25 June 2009, with capital injections totalling £2.

The Teesport Unit Trust owns 99.90% and Teesport (GP) Limited owns 0.10% of the Partnership.

The Limited Partnership reserves are as follows:

Partners' capital accounts represent capital contributed by the partners in the Limited Partnership.

Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.

Profit and loss account represent cumulative profits or losses, net of distribution paid.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

15. Net cash flow from operating activities

Reconciliation of operating profit to net cash flow from operating activities is shown below:

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Operating profit	9,766,772	7,492,534
<i>Adjustment for:</i>		
Gain on revaluation of investment property	(3,042,396)	(773,019)
Movements for working capital:		
Decrease in debtors	32,369	31,013
Increase/(decrease) in creditors	114,459	(33,391)
Net cash inflow from operating activities	6,871,204	6,717,137

16. Analysis of changes in net debt

	23 February 2019	Net cash flow	Non cash movement*	29 February 2020
	£	£	£	£
Cash at bank and in hand	347,901	19,863	-	367,764
Debt due within one year	(1,320,560)	1,543,247	(1,752,449)	(1,529,762)
Debt due after more than one year	(103,346,447)	-	898,667	(102,447,780)
	(104,319,106)	1,563,110	(853,782)	(103,609,778)

	29 February 2020	Net cash flow	Non cash movement*	27 February 2021
	£	£	£	£
Cash at bank and in hand	367,764	5,527	-	373,291
Debt due within one year	(1,529,762)	1,664,290	(1,791,539)	(1,657,011)
Debt due after more than one year	(102,447,780)	-	1,134,350	(101,313,430)
	(103,609,778)	1,669,817	(657,189)	(102,597,150)

*Non-cash adjustments represent effective interest rate adjustments to the Loan from Tesco Property Finance 1 PLC and adjustments to fair values of RPI linked derivative instrument falling due more than one year.

The presentation of Analysis of changes in net debt has been changed to include borrowings and derivatives as part of debt movement, in line with FRS 102. This did not impact the balance sheet and profit and loss account presented.

17. Receivables under operating lease

Total future minimum lease receivables under non-cancellable operating leases are as follows:

	27 February 2021	29 February 2020
	£	£
Within 1 year	7,010,139	6,842,087
2 to 5 years	28,040,552	27,368,347
After 5 years	96,389,398	100,920,780
	131,440,089	135,131,214

The operating lease amounts shown above relate to rents receivable from Tesco Stores Limited.

THE TEESPORT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

17. Receivables under operating lease (continued)

Tesco Stores Limited is the sole tenant of the Partnership, with rental payments guaranteed by Tesco PLC. The 30 year leases, on full repairing and insuring terms, are due to expire in 2039. The tenant has the option to take 3 further leases of the premises, each for a period of 10 years at market rent.

18. Ultimate parent undertaking and controlling party

The partners of the Partnership are Teesport (GP) Limited and The Teesport Unit Trust. Teesport (GP) Limited is wholly owned by Tesco Blue (GP) Limited. Tesco Pension Trustees Limited is a joint shareholder of Tesco Blue (GP) Limited. Tesco Pension Trustees Limited purchased the shares in Tesco Blue (GP) Limited on behalf of Tesco PLC Pension Scheme (the "Scheme") and is required to act in the best interest of the Scheme.

The ultimate parent undertaking is Tesco PLC which is registered in England and Wales.

Copies of the Tesco PLC Annual Report and Financial Statements 2021 are available from the Company Secretary at the registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 16A, United Kingdom.

19. Related party transactions and balances

During the 52 weeks period ended 27 February 2021 the Partnership entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 27 February 2021, are as follows:

All related parties' transactions are with General Partner of Partnership and subsidiaries of the ultimate parent undertaking.

Transactions	2021		2020	
	Income	Expense	Income	Expense
Tesco Stores Limited	£6,886,047	-	£6,868,346	-
Spen Hill Management Limited	-	£20,393	-	£20,256
Tesco Property Finance 1 PLC	£163,223	£5,527,670	£334,704	£5,751,909

Balances	2021		2020	
	Debtors	Creditors	Debtors	Creditors
Teesport (GP) Limited	£2	-	£2	-
Spen Hill Management Limited	£12,194	-	£12,034	-
The Tesco Blue Limited Partnership	£5,350,000	-	£5,350,000	-
Tesco Property Finance 1 PLC	-	£67,322,801	-	£68,867,564

Reference to balances outstanding at the period end are disclosed in Notes 9, 10, 11 and 12.

20. Events after the reporting period

There are no material events since the Balance Sheet date which requires disclosure.