

Registered number: 07459436

TESCO NAVONA (1LP) LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

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TESCO NAVONA (1LP) LIMITED

COMPANY INFORMATION

Directors	A Clark S R Williams Tesco Services Limited
Company secretary	Tesco Secretaries Limited
Registered number	07459436
Registered office	Tesco House, Shire Park Kestrel Way Welwyn Garden City United Kingdom AL7 1GA

TESCO NAVONA (1LP) LIMITED

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TESCO NAVONA (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

The Directors present their Annual Report and the unaudited financial statements of Tesco Navona (1LP) Limited (the "Company") for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022 ("2022")).

Business review and principal activity

The principal activity of the Company is to act as the holding company for Tesco PLC Group's (the 'Group') investment in The Tesco Navona 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 Financial Reporting Standard 101 "Reduced Disclosure Framework".

Results and dividends

The profit for the period show a result, after taxation, amounted to £1,463,823 (2022 - £1,688,401).

The Company has net assets at the period end of £4,016,865 (2022: £2,553,042).

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

Future developments

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

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

Principal risk, uncertainties and financial risk management

The principal activity of the Company is to act as a holding company and therefore its principal risks relate to the carrying value of investments that this Company holds. To manage this risk the Company reviews the performance of those companies in which it holds its investments.

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

Financial instrument risks are embedded in the Group principal risk – 'Financial Performance', details of which are available in the on pages 43 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

No impairment losses were recognised during the period (2022: £nil).

TESCO NAVONA (1LP) LIMITED

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

Business risk

The Company's principal business relationships are with Tesco PLC Group companies and therefore the Company's business risk is closely linked to the Group. At present, there continues to be a heightened level of macroeconomic uncertainty relating to cost and wage inflation, as well as energy supply issues, leading to rising prices which are continuing to impact the group's customers' disposable income, thereby changing the way they shop. These also result in an increase in operational costs for the group as well as its suppliers, which is further exacerbated by the war in Ukraine. The inflationary and economic risk factors continue to influence the business and are therefore key components of the customer and financial performance principal risks. The Group understands the short-term risks and impacts, and have the right teams, governance mechanisms, customer offerings and strategies in place. However, the long-term impacts remain uncertain, and the Group will continue to monitor the situation closely and respond accordingly.

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.

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.

Events after the reporting period

Details of events after the reporting period can be found in Note 11 to the financial statements.

Political donations

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

Research and development

The Company does not undertake any research and development activities (2022: none).

Strategic Report

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

Employees

The Company had no employees during the period (2022: none).

Directors

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

A Clark
S R Williams
Tesco Services Limited

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

TESCO NAVONA (1LP) LIMITED

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

Director Liabilities

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

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 the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:


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

TESCO NAVONA (1LP) LIMITED

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

This report was approved by the board on 31 July 2023 and signed on its behalf.

 01 August 2023

Simon Williams

Director

for and on behalf of Tesco Services Limited

Tesco Navona (1LP) Limited

Registered number: 07459436

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

TESCO NAVONA (1LP) LIMITED

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

	Notes	52 weeks ended 25 February 2023 £	52 weeks ended 26 February 2022 £
Operating result	4	-	-
Result before taxation		-	-
Tax credit on result	5	1,463,823	1,688,401
Profit for the financial period		<u>1,463,823</u>	<u>1,688,401</u>

The notes on pages 8 to 16 form part of these financial statements.

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

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

TESCO NAVONA (1LP) LIMITED
REGISTERED NUMBER: 07459436

BALANCE SHEET
AS AT 25 FEBRUARY 2023

	Notes	25 February 2023 £	26 February 2022 £
Non-current assets			
Investments	7	10,000	10,000
Deferred tax assets	6	4,006,865	2,543,042
		<u>4,016,865</u>	<u>2,553,042</u>
Net assets		<u>4,016,865</u>	<u>2,553,042</u>
Capital and reserves			
Called up share capital	8	10,000	10,000
Profit and loss account		4,006,865	2,543,042
Total shareholders' funds		<u>4,016,865</u>	<u>2,553,042</u>

The members have not required the Company to obtain an audit for the 52 weeks in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 July 2023.

 01 August 2023

Simon Williams
 Director
 for and on behalf of Tesco Services Limited
 Tesco Navona (1LP) Limited
 Registered number: 07459436
 Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

The notes on pages 8 to 16 form part of these financial statements.

TESCO NAVONA (1LP) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

	Called up share capital* £	Profit and loss account £	Total Shareholder s' funds £
Balance as at 27 February 2021	10,000	854,641	864,641
Profit for the financial period	-	1,688,401	1,688,401
Balance as at 26 February 2022	10,000	2,543,042	2,553,042
Profit for the financial period	-	1,463,823	1,463,823
Balance as at 25 February 2023	10,000	4,006,865	4,016,865

The notes on pages 8 to 16 form part of these financial statements.

*See Note 8 for breakdown of the Called up share capital.

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). As permitted by Schedule 1 to the Accounting Regulations, the presentation of the financial statements has been adapted to be in line with the presentation prescribed by IAS 1.

The financial statements of Tesco Navona (1LP) Limited (the "Company") for the 52 weeks ended 25 February 2023 were approved by the Board of Directors on 31 July 2023 and the Balance Sheet was signed on the Board's behalf by Simon Williams, for and on behalf of Tesco Services Limited.

The functional currency of Tesco Navona (1LP) Limited is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates and financial statements are presented in Pounds.

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

2. General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered 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.

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

3.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 101 issued by the Financial Reporting Council. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted for use within the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. Following the UK's exit from the European Union the Company has early adopted the FRS 101 amendments 'UK exit from the European Union'.

The Company is a qualifying entity for the purposes of FRS 101. Note 9 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

3 Accounting policies (continued)

3.1 Basis of preparation of financial statements (continued)

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

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Adoption of new IFRS standards and interpretation

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

3.2 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.

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.

3.3 Critical accounting judgements and key sources of estimation uncertainty

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

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

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

3. Accounting policies (continued)

3.4 Significant accounting policies

Investments

Investments in associated undertaking are held at historical cost plus incidental expenses, less any applicable provision for impairment reviewed annually.

Impairment of investments

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

Income taxes

Current tax, including United Kingdom (UK) corporation tax and foreign tax, is provided at amounts *expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date*. The tax currently payable is based on taxable profit for the period.

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in partnership, 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.

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

3. Accounting policies (continued)

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

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.

4. Operating results

The Directors received no emoluments for their services to the Company (2022: £nil).

The Company had no employees during the period (2022: none).

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

5. Tax credit on result**(a) Factors that have affected the tax credit**

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

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

The tax charge relates to the 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 7.

(b) Tax credit in the Profit and Loss Account

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

	52 weeks ended 25 February 2023 £	52 weeks ended 26 February 2022 £
Current income tax:		
UK corporation tax on profit for the financial period	-	-
Total current income tax credit/(charge)	<u>-</u>	<u>-</u>
Deferred tax		
Current period	(1,112,505)	(1,078,071)
Impact of rate change adjustment	(351,318)	(610,330)
Total deferred tax credit	<u>(1,463,823)</u>	<u>(1,688,401)</u>
Total credit in the Profit and Loss Account	<u><u>(1,463,823)</u></u>	<u><u>(1,688,401)</u></u>

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

5. Tax credit on result (continued)**(c) Reconciliation of the tax credit**

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

	52 weeks ended 25 February 2023 £	52 weeks ended 26 February 2022 £
Result before tax	-	-
Tax on profit at standard UK corporation tax rate of 19% (2022: 19%)	-	-
Effects of:		
Expenses not deductible for tax purposes	5,633	9,818
Group relief claimed without payment	(107,709)	(77,461)
Allowable share of commutation payment	(1,010,429)	(1,010,428)
Impact of rate change adjustment	(351,318)	(610,330)
Total tax credit	(1,463,823)	(1,688,401)

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

6. Deferred tax assets

The following are the major deferred tax assets/(liabilities) 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 substantively enacted by the balance sheet date.

	Property related items £	Short-term timing differences £	Conversion adjustments £	Total £
At 27 February 2021	(535,911)	1,421,761	(31,209)	854,641
Origination and reversal of timing differences				
-In respect of the current period	(19,296)	1,089,565	7,802	1,078,071
-In respect of rate change adjustment	(175,328)	793,051	(7,393)	610,330
At 26 February 2022	(730,535)	3,304,377	(30,800)	2,543,042
Origination and reversal of timing differences				
-In respect of the current period	(17,389)	1,122,091	7,803	1,112,505
-In respect of rate change adjustment	(5,491)	354,345	2,464	351,318
At 25 February 2023	(753,415)	4,780,813	(20,533)	4,006,865

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.

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

7. Investments

	£
Cost and Net book value	
At 26 February 2022	10,000
At 25 February 2023	<u>10,000</u>

The Directors believe that the carrying value of the investments is supported by their underlying net assets and their expected future cash flows. Details of the Principal associated undertaking at the period end is as follows:

Name	Registered office	Class of shares	Holding
The Tesco Navona Limited Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	Capital contribution - Direct holding	49.95%

8. Called up share capital

	25 February 2023 £	26 February 2022 £
Authorized, allotted, called up and fully paid		
10,000 (2022 - 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

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

TESCO NAVONA (1LP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

9. Ultimate Group undertaking and controlling party

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

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

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

10. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

11. Events after the reporting period

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