

TESCO PENSION INVESTMENT LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

Registered Number: 07754822



## **TESCO PENSION INVESTMENT LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their Strategic Report of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2017.

#### **Review of the business**

The principal activity of the Company is to provide investment services exclusively to the Tesco PLC Pension Scheme (the "Pension Scheme"). There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

#### **Results and dividends**

The results for the year show a profit on ordinary activities before taxation of £14,906 (2016: £13,661).

The Directors do not recommend payment of a dividend for the year ended 31 March 2017 (2016: £nil).

#### **Year end position**

The Company recharges all expenses to the Pension Scheme, therefore there is no profit or loss after tax at the year end.

#### **Principal risks and uncertainties**

As Tesco Pension Investment Limited's sole customer is the Pension Scheme, the key business risks relate to the loss of the Pension Scheme as a customer. As it is the current intention of the Directors of the Trustee of the Pension Scheme to continue to finance the Company so as to enable it to meet its commitments and to carry on its business without any significant curtailment of operations for the foreseeable future, this is not deemed to be a significant risk.

From 1 April 2013 Tesco Pension Investment Limited was authorised and regulated by the Financial Conduct Authority. Prior to this the Company was authorised and regulated by the Financial Services Authority.

#### **Key performance indicators (KPI's)**

The KPI's of the Company are around investment performance, these KPIs are disclosed in the Tesco PLC Pension Scheme annual report and financial statements.

On behalf of the Board



**S Daniels**

**Director**  
**Tesco Pension Investment Limited**  
**Registered Number: 7754822**  
**Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom. AL7 1GA**

## **TESCO PENSION INVESTMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their annual Report and the audited financial statements of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2017.

#### **Future outlook**

Tesco Pension Investment Limited is an in-house investment team created by the Trustee of Tesco PLC Pension Scheme. Tesco Pension Investment Limited has the primary objective to achieve the long term investment returns for the UK occupational pension scheme, as set by the Trustee and the Trustee's advisors. To do this the Company has built a best in class investment capability, in terms of people, processes and infrastructure that will enable, over time, greater control of returns, risks and costs, and the reduction in reliance on external advisors and managers. This process will continue to be the focus of developments during future years.

#### **Going concern**

It is the current intention of the Company's ultimate parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for at least 12 months from the date of the opinion and have provided a letter to this effect. Accordingly the financial statements have been prepared on a going concern basis.

#### **Financial risk management policies and objectives**

Please refer to the 'Principal risks and uncertainties' section of the Strategic Report on page 2 of these accounts.

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

#### **Directors and their interests**

The following Directors served during the year and up to the date of signing the financial statements.

R Smith  
S Daniels  
D Firth

There were no disclosable interests in the Company during the year. Please refer to note 5 for details of the Director's arrangements with the Pension Scheme.

## **TESCO PENSION INVESTMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

#### **Directors' responsibilities statements as per auditor's report.**

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 year. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditor**

Each of the persons who are Directors of the Company at the date of the approval of the directors' report is approved, confirms that:

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

#### **Review of the business, results & dividends, principal risks and uncertainties, key performance indicators**

For further information on these items please refer to the strategic report on page 2, which forms part of this report by cross reference.

On behalf of the Board



**S Daniels**

**Director**

**Tesco Pension Investment Limited**

**Registered Number: 07754822**

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

## **TESCO PENSION INVESTMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO PENSION INVESTMENT LIMITED**

We have audited the financial statements of Tesco Pension Investment Limited for the year ended 31 March 2017 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the Cash Flow Statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result for the year ended then;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

**TESCO PENSION INVESTMENT LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO PENSION INVESTMENT LIMITED (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alexander Arterton ACA,BSc (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom.

Date 27 June 2017

**TESCO PENSION INVESTMENT LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017**

	Note	31-Mar-17 £000's	31-Mar-16 £000's
Turnover	3	25,260	15,455
Administrative expenses	4 & 6	(25,245)	(15,441)
<b>Profit on ordinary activities before taxation</b>		15	14
Tax on profit on ordinary activities	7	(15)	(14)
<b>Result for the financial year</b>		-	-

**BALANCE SHEET AS AT 31 MARCH 2017**

	Note	31-Mar-17 £000's	31-Mar-16 £000's
<b>Fixed Assets</b>	9	644	769
<b>Current Assets</b>			
Debtors: amounts falling due within one year	10	17,092	7,804
Cash at bank		2,068	1,737
		19,160	9,541
<b>Creditors: amounts falling due within one year</b>	11	(19,804)	(10,310)
<b>Net current liabilities</b>		(644)	(769)
<b>Total assets less current liabilities</b>		-	-
<b>Capital and Reserves</b>			
Called up share capital	12	-	-
Profit and loss account		-	-
<b>Total shareholders' funds</b>		-	-

The notes on pages 9 to 17 form part of these financial statements.

The financial statements of Tesco Pension Investment Limited (registered number 07754822) were approved by the Board of Directors and authorised for issue on 27<sup>th</sup> June 2017. They were signed on its behalf by:



**S Daniels**

Director  
Tesco Pension Investment Limited  
Registered Number: 7754822  
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom. AL7 1GA

**TESCO PENSION INVESTMENT LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Called up share capital £000's</b>	<b>Profit and loss account £000's</b>
As at 31 March 2016	-	-
Result for financial year	-	-
Total comprehensive income	-	-
As at 31 March 2017	-	-

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>31-Mar-17 £000's</b>	<b>31-Mar-16 £000's</b>
<b>Net cash from operating activities</b>	<b>8</b>	<b>389</b>	<b>(6)</b>
Tax Paid	7	(15)	(35)
<b>Net cash generated from operating activities</b>		<b>374</b>	<b>(41)</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets	9	(43)	(65)
<b>Net cash used in investing activities</b>		<b>(43)</b>	<b>(65)</b>
<b>Net increase/(decrease) in cash at bank</b>		<b>331</b>	<b>(106)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,737</b>	<b>1,843</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>2,068</b>	<b>1,737</b>



## **TESCO PENSION INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **General information and basis of preparation of accounting**

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The principal place of business is 125, Finsbury Pavement, London, EC2A 1NQ. The nature of the Company's operations and its principal activities are set out in the Strategic Report also on page 2.

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

The functional currency of Tesco Pension Investment Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

##### **Going concern**

After making enquiries, the Directors understand it is the current intention of the Directors of the Trustee of the Pension Scheme to continue to fund the Company so that it may continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

##### **Fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation. These are depreciated on a straight line basis from the month in which they were purchased over the period of their expected useful life. Depreciation of computer equipment is charged to the profit and loss account over its useful economic life of 2, 3, or 4 years. Depreciation of office equipment is charged to the profit and loss over 5 years and leasehold improvements over 10 years.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets are de-recognised 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 significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Trade debtors and creditors**

Debtors and creditors are both initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

##### **Impairment of assets**

Assets are assessed for indicators of impairment regularly. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

## **TESCO PENSION INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

#### **Taxation**

Current tax, including UK corporation 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.

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

#### **Turnover and administrative expenses**

Turnover and administrative expenses are recognised on an accrual basis.

Turnover represents the amount recoverable from the Tesco PLC Pension Scheme under the terms of the Investment Management Agreement in which the costs incurred by the Company are invoiced to the pension scheme. Analyses of turnover, staff costs and administrative expenses are given in notes 3, 4 and 6 respectively.

## **TESCO PENSION INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Pensions**

Employees of Tesco Pension Investment Limited were entitled to join the defined benefit, Tesco PLC Pension Scheme until 21 November 2015 when this scheme closed. Since 22 November 2015 employees are entitled to join the Tesco Retirement Savings Plan which is a defined contribution master trust.

The Tesco PLC Pension Scheme is valued every three years by a professionally qualified independent actuary and the rates of contribution determined by the actuary.

##### **Foreign currencies**

Transactions in foreign currencies are translated into pounds sterling at the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are converted to pounds sterling at the relevant exchange rate at the year-end date.

##### **Leases**

Rent under the operating lease is accounted for as it falls due. Where lease incentives such as rent free periods are negotiated these are capitalised and amortised to the profit and loss account as rent over the lease term.

In accordance with the transitional provisions of FRS 102, lease incentives on leases which were in existence prior to the date of transition have been spread over the shorter of the lease term and the period to the first review date on which the rent is first expected to be adjusted to the prevailing market rate.

#### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the entity's accounting policies, which are described in note 1, 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 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.

##### **Revenue recognition**

There were no significant judgements taken on recognition of revenue during the financial year.

##### **Key sources of estimation uncertainty**

There is no significant risk on judgements taken on estimations, in the preparation of these financial statements.

## TESCO PENSION INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 3. TURNOVER

Turnover is comprised of income received from Tesco PLC Pension Scheme to cover Company costs.

	Year to 31-Mar-17 £000's	Year to 31-Mar-16 £000's
Income received from the Tesco PLC Pension Scheme	25,260	15,455

#### 4. STAFF COSTS

	Year to 31-Mar-17 £000's	Year to 31-Mar-16 £000's
Salaries and bonus payments	17,879	9,568
Social security costs	1,996	985
Pension costs	533	384
	20,408	10,937

The average number of UK employees (excluding directors) per month during the year ended 31 March 2017 was 37 (2016: 40).

Pension costs consist of £533k of contributions to the DC scheme (2016: £153k) and nil contribution to the DB scheme (2016: £231k).

#### 5. DIRECTORS' EMOLUMENTS

Of the three Directors, two are accruing pension benefits in the Tesco PLC Pension Scheme and two were paid by the company during the year. One of the other Director's services to this Company are considered incidental to services provided to the sponsoring employer of the Tesco PLC Pension Scheme, Tesco Plc (the "sponsoring employer"), and Tesco Plc's subsidiaries. Therefore his emoluments are deemed to be wholly attributable to Tesco PLC group companies.

	Year to 31-Mar-17 £000's	Year to 31-Mar-16 £000's
Aggregate emoluments	1,403	1,208
<b>Highest paid director</b>	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
Total aggregate emoluments and amounts (excluding shares) receivable under long term incentive schemes	885	842

The highest paid Director is not a member of the Pension Scheme so has not accrued any pension benefits. He was awarded 79,678 (2016: 58,572) shares as part of the performance share plan by the sponsoring employer (these are not shares in Tesco Pension Investment Ltd or any connected entity).

#### Directors' advances, credits and guarantees

Details of any transactions with directors during the year are disclosed in the related party note on Page 17.

**TESCO PENSION INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**6. ADMINISTRATIVE EXPENSES**

	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
Depreciation	168	176
Legal and professional	1,684	1,718
Fees paid to auditor – statutory audit fee	24	25
- Other services	-	15
Recruitment	151	212
Rent, service charges & utilities	484	453
Travel & accommodation	228	180
Sundry expenses	53	40
IT costs	2,023	1,651
Training	22	34
	<b>4,837</b>	<b>4,504</b>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises:

	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
UK corporation tax on profit for the year	15	14
Tax on profit on ordinary activities	<b>15</b>	<b>14</b>

The differences between the total charge shown above and the amount calculated by applying the small companies rates of corporation tax to profit is as follows:

	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
Profit on ordinary activities before taxation	15	14
Tax on profit on ordinary activities at small companies' rate in the UK of 20% (2016: 20%)	3	3
Effects of:		
Non-qualifying depreciation	3	0
Other non-deductible items	0	3
Deferred tax asset not recognised	8	4
Impact of rate change	1	4
Total tax charge for the financial period	<b>15</b>	<b>14</b>

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements. Temporary differences have been re-measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

**TESCO PENSION INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (because it is not probable that future taxable profits will be available against which the Company can utilise the benefits):

	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
Deductible temporary differences	41	35

**8. NOTE TO THE STATEMENT OF CASH FLOWS**

	<b>Year to 31-Mar-17 £000's</b>	<b>Year to 31-Mar-16 £000's</b>
Operating profit	15	14
Depreciation and amortisation charges	168	176
(Increase) in debtors	(9,288)	(1,808)
Increase in creditors (excluding taxation)	9,494	1,612
<b>Cash flow in/(out) from operating activities</b>	<b>389</b>	<b>(6)</b>

**9. FIXED ASSETS**

	<b>Computer Equipment £000's</b>	<b>Leasehold Improvements £000's</b>	<b>Office Equipment £000's</b>	<b>Total £000's</b>
<b>Cost</b>				
At 31 March 2016	160	831	327	1,318
Additions at cost	18	11	14	43
<b>At 31 March 2017</b>	<b>178</b>	<b>842</b>	<b>341</b>	<b>1361</b>
<b>Accumulated Depreciation</b>				
At 31 March 2016	(116)	(193)	(240)	(549)
Charge for the year	(27)	(83)	(58)	(168)
<b>At 31 March 2017</b>	<b>(143)</b>	<b>(276)</b>	<b>(298)</b>	<b>(717)</b>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<b>35</b>	<b>566</b>	<b>43</b>	<b>644</b>
<b>At 31 March 2016</b>	<b>44</b>	<b>638</b>	<b>87</b>	<b>769</b>

**TESCO PENSION INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**10. DEBTORS**

	31-Mar-17	31-Mar-16
	£000's	£000's
Amounts owed by Tesco PLC Pension Scheme (payable on demand)	16,190	6,975
Rental deposit	-	115
VAT receivable	485	402
Prepayments	417	312
	<b>17,092</b>	<b>7,804</b>

Amounts owed by Tesco PLC Pension Scheme are non-interest bearing and are payable on demand.

**11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31-Mar-17	31-Mar-16
	£000's	£000's
Other taxation and social security	2,528	2,472
Accruals	11,665	2,835
Deferred income	5,611	5,003
	<b>19,804</b>	<b>10,310</b>

**12. Called up share capital**

	31-Mar-17	31-Mar-16
	£	£
Authorised, allotted, called up and fully paid:		
1 Ordinary shares of £1 each (2016:£1)	1	1

There is one class of ordinary shares and they do not carry a right to fixed income.

**13. FINANCIAL INSTRUMENTS**

	31-Mar-17	31-Mar-16
	£000's	£000's
<b>Financial assets</b>		
Debtors (not including VAT receivable - see note 10)	16,607	6,573
Cash	2,068	1,737
	<b>18,675</b>	<b>8310</b>
<b>Financial liabilities</b>		
Creditors – amounts falling due within one year (see note 11)	(19,804)	(10,310)
	<b>(1,129)</b>	<b>(2000)</b>

The carrying amounts of financial assets and financial liabilities recorded in the financial statements are approximately equal to the fair values.

## TESCO PENSION INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 14. RETIREMENT BENEFITS

##### *Pensions*

The Company participated in the Tesco Retirement Savings Plan which is a defined contribution master trust.

The Company made contributions of £533k to the Tesco Retirement Savings Plan (2016: £153k).

The net defined benefit cost of the Tesco PLC Pension Scheme is disclosed in the financial statements of Tesco PLC, the entity which is legally responsible for the Pension Scheme. The liability of the Pension Scheme in the financial statements of Tesco PLC as at 25 February 2017 of £5,499m (2016: £2,612m), was determined in accordance with the advice of qualified actuaries. Details of the bases used by the actuaries are also disclosed in the Tesco PLC financial statements.

**The Tesco PLC Pension Scheme**, a defined benefit scheme is a group plan. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Company has taken advantage of the exemption under FRS 102, Section 28 Employee Benefits and has accounted for its contributions as if it was a defined contribution scheme. Accordingly, the contributions to this scheme are charged to the Profit and Loss Account as they become payable.

From 1 April 2015 to 21 November 2015 the year the Company paid contributions to the Tesco PLC Pension Scheme at 11.1% of all employed members' scheme earnings, plus contributions that would otherwise have been paid by members of Smart Pensions (employees who have opted to take a salary sacrifice in lieu of having their pension contributions paid by the Company). During the year ended 31 March 2017, the Company paid contributions to the Tesco Retirement Savings Plan of:

- 1.5 times the value saved by senior managers, between 6% and 10% ; and
- For other employees contributions were matched up to 7.5% of scheme earnings.

Further disclosure relating to the Tesco PLC Pension Scheme and the Tesco Retirement Savings Plan can be found in the Tesco PLC annual report and financial statements for the 52 weeks ended 25 February 2017 which can be found on the Tesco PLC [www.tescopl.com](http://www.tescopl.com).

#### 15. FINANCIAL OBLIGATIONS

At 31 March the Company's annual obligations under non-cancellable operating leases in respect of land and buildings are as follows:

	31-Mar-17	31-Mar-16
	£000's	£000's
<b>Future minimum lease payments</b>		
Within one year	282	282
Within two to five years	175	457
+/- Over five years	-	-

#### 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate controlling undertaking of the Company is Tesco PLC Pension Scheme. The Tesco PLC Pension Scheme is the only entity to consolidate the Company's financial statements. Copies of the Tesco PLC Pension Scheme annual report and financial statements are available from The Pensions Team, Tesco House, PO Box 4126, Cardiff, CF14 4ZP.

#### 17. RELATED PARTIES

Tesco Pension Investment Limited provides investment management services to the Tesco PLC Pension Scheme and recharges all net costs to the Pension Scheme. Details of the recharges are given in Note 3.

During the year expenses were paid on behalf of the Company by the Tesco PLC Pension Scheme is nil (2016: £179k) and by Tesco Stores Limited to the value of £1.3m (2016: £1.6m). Both parties were reimbursed for these costs.

During the year Tesco Stores Limited purchased fixed assets on behalf of the Company amounting to £29k (2016: £39k). The Company has reimbursed Tesco Stores Limited for these amounts.



## **TESCO PENSION INVESTMENT LIMITED**

Two Directors (2016: two) are members of the Tesco PLC Pension Scheme and are accruing benefits in line with the Pension Scheme Trust Deed and Rules. A number of transactions are conducted with the Tesco PLC Pension Scheme. These are disclosed elsewhere in the financial statements.

S Daniels, Director served as a director of Tesco Jade (GP) Ltd and also as a non-executive director of Greenergy Fuel Holdings Limited. D Firth, Director also served as a non-executive director of Greenergy Fuel Holdings Limited. R Smith, Director served as a director of Tesco Jade (Nominee) Limited. Tesco Jade (GP) Ltd, Tesco Jade (Nominee) Limited and Greenergy Fuel Holdings Limited are companies which are related to investments of the Pension Scheme and these directors form part of the team managing these investments on behalf of the Pension Scheme. There were no transactions between these entities and the Company during the year (2016: none).

TPI staff are awarded shares of Tesco PLC under the performance share plan. In addition to the amounts set out in Note 5, a further 187,826 shares were awarded in respect of the year to 31 March 2017 (2016: 110,003). (These are not shares in Tesco Pension Investment Ltd or any connected entity.)

**18. SUBSEQUENT EVENTS** There were no subsequent events to report at the time of the signing these accounts.