

TESCO PENSION INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Registered Number: 07754822



TESCO PENSION INVESTMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their Strategic Report of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2019.

Principal activities

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 year. During the financial year, a wholly-owned subsidiary of the Company, TPI Fund Managers Limited, was incorporated to facilitate cost effective investment services for investors into the Tesco Retirement Savings Plan, via Legal and General Assurance (Pensions Mgt) Ltd.

Review of business

The results for the year show a profit before taxation of £9,843 (2018: £10,796). Net assets as at 31 March 2019 were nil (2018: nil).

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

Dividends

The Directors do not recommend payment of a dividend for the year ended 31 March 2019 (2018: nil).

Principal risks and uncertainties including financial risk management

As Tesco Pension Investment Limited's sole customer is the Pension Scheme, the key business, liquidity and credit 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.

On 10 April 2019, EU leaders agreed to an extension of article 50 which may delay the date the UK will exit the EU until 31 October 2019. Whilst there is little agreement on the terms of a final exit deal, it is likely that there will be short-term and long-term ramifications of the decision. The Directors continue to monitor progress carefully and are taking appropriate professional advice on the expected impact to the Company.

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 reports and financial statements.

This report is approved and authorised for issue by the board of Directors.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their annual report and the audited financial statements of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2019.

Future outlook

The Company is an in-house investment team created by the Trustee of Tesco PLC Pension Scheme (the "Pension Scheme"). The Company 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 approval of the financial statements 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 including financial risk management' section of the Strategic Report on page 2 of these financial statements.

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 2019 (continued)

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 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 of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activities, review of business, dividends, principal risks and uncertainties

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

This Report is approved and authorised for issue by the Board of Directors.

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 AUDITOR'S REPORT TO THE MEMBERS OF TESCO PENSION INVESTMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tesco Pension Investment Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its result for the year 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 which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

TESCO PENSION INVESTMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO PENSION INVESTMENT 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.

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 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 have 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 or the directors' report.

Matters on which we are required to report by exception

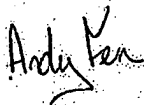
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Andy Fern
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom.

Date 27 June 2019

TESCO PENSION INVESTMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	31-Mar-19 £000's	31-Mar-18 £000's
Turnover	3	26,409	21,096
Administrative expenses	4 & 6	(26,399)	(21,085)
Profit before taxation		10	11
Tax on profit	7	(10)	(11)
Result for the financial year		-	-

BALANCE SHEET AS AT 31 MARCH 2019

	Note	31-Mar-19 £000's	31-Mar-18 £000's
Non-current assets			
Fixed assets	9	601	560
Investment in subsidiary	10	650	-
		1,251	560
Current assets			
Debtors: amounts falling due within one year	11	14,593	11,580
Cash at bank		2,830	2,756
		17,423	14,336
Creditors: amounts falling due within one year	12	(18,674)	(14,896)
Net current liabilities		(1,251)	(560)
Total assets less current liabilities		-	-
Capital and reserves			
Called up share capital	13	-	-
Total shareholders' funds		-	-

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 June 2019. They were signed on its behalf by:



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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £000's	Total £000's
As at 1 April 2018	-	-
Result for financial year	-	-
Total comprehensive result	-	-
As at 31 March 2019	-	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £000's	Total £000's
As at 1 April 2017	-	-
Result for financial year	-	-
Total comprehensive result	-	-
As at 31 March 2018	-	-

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	31-Mar-19 £000's	31-Mar-18 £000's
Net cash flow from operating activities	8	256	755
Tax paid	7	(10)	(11)
Net cash generated from operating activities		246	744
Cash flow from investing activities			
Purchase of tangible assets	9	(172)	(56)
Net cash used in investing activities		(172)	(56)
Net increase in cash and cash equivalents		74	688
Cash and cash equivalents at the beginning of the year		2,756	2,068
Cash and cash equivalents at the end of the year		2,830	2,756
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		2,830	2,756
Cash equivalents		-	-
Cash and cash equivalents		2,830	2,756

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

TESCO PENSION INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 England and Wales, United Kingdom under the Companies Act 2006, as a private limited company, limited by shares. 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, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and as required by the Companies Act 2006.

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 Company has one subsidiary, TPI Fund Managers Limited, which has separate financial statements. The investment in this subsidiary is accounted for under the cost method. The Company and TPI Fund Managers Limited are consolidated into the Tesco PLC Pension Scheme accounts.

Going concern

The Directors of the Company understand it is the current intention of the Trustees of the Pension Scheme to continue to fund the Company so that it may continue in operational existence for at least 12 months from the date of the approval of the financial statements. 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 or 3 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 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (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. 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.

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.

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 2019 (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.

Critical accounting judgements in applying the Group's accounting policies

There were no critical accounting judgements made in the preparation of these financial statements.

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 2019 (continued)

3. TURNOVER

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

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Income received from the Tesco PLC Pension Scheme	26,409	21,096

4. STAFF COSTS

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Salaries and bonus payments	16,022	13,117
Social security costs	1,808	1,486
Pension costs	652	613
	18,482	15,216

The average number of UK employees (excluding directors) per month during the year ended 31 March 2019 was 55 (2018: 46). All employees are classified as permanent.

Pension costs consist of £652k of contributions to the Tesco Retirement Savings Plan (2018: £613k)

5. DIRECTORS' EMOLUMENTS

Of the three Directors, two are members of the Tesco PLC Pension Scheme and two were paid by the company during the year. One of the 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-19 £000's	Year to 31-Mar-18 £000's
Aggregate emoluments	2,259	5,983
Highest paid Director	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Total aggregate emoluments and amounts (excluding shares) receivable under long term incentive schemes	1,485	4,508

The highest paid Director is not a member of the Pension Scheme so has not accrued any pension benefits. He was awarded 49,401 (2018: 70,400) shares as part of the performance share plan by the sponsoring employer (these are not shares in Tesco Pension Investment Limited or any connected entity). The Company contributed £6,000 into a money purchase pension scheme for one director, in respect of directors' qualifying services.

Directors' advances, credits and guarantees

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

TESCO PENSION INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

6. ADMINISTRATIVE EXPENSES

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Depreciation	131	140
Legal and professional	1,623	2,184
Fees paid to auditor – audit of financial statements	25	25
Recruitment	348	88
Rent	415	281
Service charges & utilities	258	213
Travel & accommodation	217	172
Sundry expenses	82	43
Research cost	2,721	676
IT costs	2,023	2,008
Training	74	39
	7,917	5,869

7. TAX ON PROFIT

The tax charge comprises:

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
UK corporation tax on profit for the year	10	11
Tax on profit	10	11

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

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Profit before taxation	10	11
Tax on profit at small companies' rate in the UK of 19% (2018: 19%)	2	2
Effects of:		
Non-qualifying depreciation	5	4
Deferred tax asset not recognised	3	5
Total tax charge for the financial year	10	11

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 enacted by the balance sheet date and therefore included in these 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 2019 (continued)

7. TAX ON PROFIT (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):

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Deductible temporary differences	47	45

8. NOTE TO THE STATEMENT OF CASH FLOWS

	Year to 31-Mar-19 £000's	Year to 31-Mar-18 £000's
Operating profit	10	11
Depreciation and amortisation charges	131	140
(Increase)/decrease in debtors	(3,013)	5,512
Increase/(decrease) in creditors (excluding taxation)	3,128	(4,908)
Cash flow from operating activities	256	755

9. FIXED ASSETS

	Computer equipment £000's	Leasehold improvements £000's	Office equipment £000's	Total £000's
Cost				
At 31 March 2018	185	891	341	1,417
Additions at cost	6	70	96	172
At 31 March 2019	191	961	437	1,589
Accumulated Depreciation				
At 31 March 2018	(164)	(365)	(328)	(857)
Charge for the year	(19)	(92)	(20)	(131)
At 31 March 2019	(183)	(457)	(348)	(988)
Net book value				
At 31 March 2019	8	504	89	601
At 31 March 2018	21	526	13	560

TESCO PENSION INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. INVESTMENT IN SUBSIDIARY

During the year, the Company made a guarantee to purchase 100% of the 650,000 allotted ordinary shares in TPI Fund Managers Limited, at a nominal value of £1 each.

The registered address of TPI Fund Managers Limited is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom, AL7 1GA.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31-Mar-19 £000's	31-Mar-18 £000's
Amounts owed by Tesco PLC Pension Scheme (payable on demand)	13,137	10,777
VAT receivable	970	484
Prepayments	486	319
	14,593	11,580

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31-Mar-19 £000's	31-Mar-18 £000's
Other taxation and social security	1,082	840
Accruals	9,682	7,704
Deferred income	7,260	6,352
Amounts owed for investment in subsidiary	650	-
	18,674	14,896

The amounts owed for investment in subsidiary consists of amounts owed to TPI Fund Managers, as specified in note 10. This has been subsequently settled, after the reporting period.

13. CALLED UP SHARE CAPITAL

	31-Mar-19 £	31-Mar-18 £
Authorised, allotted, called up and fully paid:		
1 Ordinary shares of £1 each (2018: £1)	1	1

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

TESCO PENSION INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

14. FINANCIAL INSTRUMENTS

	31-Mar-19 £000's	31-Mar-18 £000's
Financial assets		
Debtors (not including VAT receivable see note 11)	13,623	11,096
Cash	2,830	2,756
	16,453	13,852
Financial liabilities		
Creditors (see note 12) – amounts falling due within one year	(18,674)	(14,896)
	(2,221)	(1,044)

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

15. RETIREMENT BENEFITS

Pensions

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

The Company made contributions of £652k to the Tesco Retirement Savings Plan (2018: £613k).

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 Scheme. The liability of the Scheme in the financial statements of Tesco PLC as at 23 February 2019 of £2,338m (2018: £2,728m), 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. The Company has no obligations for the liabilities of other entities in the Tesco PLC Pension Scheme.

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 23 February 2019 which can be found on the Tesco PLC www.tescopl.com. Tesco PLC's registered address is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom AL7 1GA

16. 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-19 £000's	31-Mar-18 £000's
Future minimum lease payments		
Within one year	-	175
Within two to five years	-	-
+/- Over five years	-	-

17. 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, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA.

TESCO PENSION INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

18. 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.

As the corporate trustee for the Tesco PLC Pension Scheme, Tesco Pension Trustees Limited is a related party to Tesco Pension Investment Limited.

During the year expenses were paid on behalf of the Company by Tesco Stores Limited to the value of £1.3m (2018: £1.0m), of which £0.5m was outstanding as at 31 March 2019. Expenses paid on behalf of the Company by the Tesco PLC Pension Scheme is nil (2018: nil).

During the year Tesco Stores Limited purchased fixed assets on behalf of the Company amounting to £6k (2018: £3k). The Company has reimbursed Tesco Stores Limited for these amounts.

Two Directors (2018: 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) Limited, Tesco Jade (Nominee) Limited, TPT Holdco No.1 Limited, Waterside General Partner Limited, Tesco Navona (GP) Limited and Tesco Passaic (GP) Limited. R Smith, Director, served as a director of Tesco Pension Trustees Limited and Tesco Blue (GP) Limited. Tesco Pension Trustees Limited, Tesco Jade (GP) Limited, Tesco Jade (Nominee) Limited, TPT Holdco No.1 Limited, Waterside General Partner Limited, Tesco Navona (GP) Limited, Tesco Passaic (GP) Limited, and Tesco Blue (GP) Limited are companies which are related to investments of the Tesco PLC Pension Scheme and these Directors form part of the team managing these investments on behalf of the Scheme. There were no transactions between these entities and the Company during the year (2018: none).

Tesco Pension Investment Limited staff are awarded shares of Tesco PLC under the performance share plan. In addition to the amounts set out in Note 5, a further 147,360 shares were awarded in respect of the year to 31 March 2019 (2018: 201,106). These are not shares in Tesco Pension Investment Limited or any connected entity.

19. SUBSEQUENT EVENTS

There were no subsequent events to report at the time of the signing these financial statements.