

**TESCO PENSION INVESTMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Registered Number: 07754822**

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## **TESCO PENSION INVESTMENT LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The Directors present their Strategic Report of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2021.

#### **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.

#### **Review of business**

The results for the year show a profit before taxation as nil (2020: £48,671). Net assets as at 31 March 2021 were nil (2020: 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 2021 (2020: 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. Other risks include breach of regulatory requirements and operational errors. Risks are managed through a risk mitigation programme.

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.

The UK Brexit transition period ended on 31 December 2020, with new rules applying from 1 January 2021. Whilst there are short-term and long-term ramifications of the UK's exit from the EU, the Directors continue to monitor progress carefully and are taking appropriate professional advice on the expected impact to the Company.


Oversight of climate-related risk and the Company's impact on the environment is carried out through an Environmental, Social and Governance (ESG) programme, which has been implemented into the Company's strategy and investment process.

#### **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

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Danny Firth  
Date: 2021.07.21  
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**D Firth**

**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 2021**

The Directors present their annual Report and the audited financial statements of Tesco Pension Investment Limited (the "Company") for the year ended 31 March 2021.

#### **Future outlook**

The Company is an in-house investment team created by the Trustee of Tesco PLC 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.

The outbreak and global spread of Covid-19 will have a significant and prolonged impact on global economic conditions. The Company has carried out a Covid-19 risk assessment, with effective controls in place to mitigate these risks. With business continuity plans enacted, the Company has been able to continue to operate at the required level, with no impact on funding and ongoing operations expected.

#### **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. In addition, the Company is also covered under the Tesco Group Directors' & Officers' Insurance Policy, which was maintained throughout the financial year.

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

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

R Smith  
D Firth  
S Daniels (resigned 30 March 2021)  
J Buck (appointed 5 July 2021)

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

## **TESCO PENSION INVESTMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **Directors' responsibilities statements**

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 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



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by Danny Firth  
Date: 2021.07.21  
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D Firth

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 2021 and of its profit 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 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**

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

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

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

##### **Other information**

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

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

We have nothing to report in this regard.

## **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

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

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

**TESCO PENSION INVESTMENT LIMITED**

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

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

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

**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 FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom.  
21 July 2021

**TESCO PENSION INVESTMENT LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

	Note	31-Mar-21 £000's	31-Mar-20 £000's
Turnover	3	30,699	27,525
Administrative expenses	4 & 6	(30,699)	(27,476)
<b>Profit before taxation</b>		-	49
Tax on profit	7	-	(49)
<b>Result for the financial year</b>		-	-

The results of the Company relate solely to continuing operations. There is no other comprehensive income.

**BALANCE SHEET AS AT 31 MARCH 2021**

	Note	31-Mar-21 £000's	31-Mar-20 £000's
<b>Non-current Assets</b>			
Fixed assets	9	398	513
Investment in subsidiary	10	650	650
		1,048	1,163
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	17,075	12,922
Cash at bank		1,199	3,873
		18,274	16,795
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	12	(19,322)	(17,958)
		(19,322)	(17,958)
<b>Net current Liabilities</b>		(1,048)	(1,163)
<b>Total assets less total liabilities</b>		-	-
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital	13	-	-
<b>Total shareholders' funds</b>		-	-

The financial statements of Tesco Pension Investment Limited (registered number 07754822) were approved by the Board of Directors and authorised for issue on 21 July 2021. They were signed on its behalf by:


 Digitally signed by  
 Danny Firth  
 Date: 2021.07.21  
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**D Firth**  
**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 2021**

	Called up share capital £000's	Total £000's
As at 1 April 2020	-	-
Result for financial year	-	-
Total comprehensive result	-	-
<b>As at 31 March 2021</b>	-	-
<hr/>		
As at 1 April 2019	-	-
Result for financial year	-	-
Total comprehensive result	-	-
<b>As at 31 March 2020</b>	-	-

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

	Note	31-Mar-21 £000's	31-Mar-20 £000's
<b>Net cash (used in)/from operating activities</b>	8	(2,656)	1,785
Tax paid	7	-	(49)
<b>Net cash (used in)/generated from operating activities</b>		(2,656)	1,736
<b>Cash flow used in investing activities</b>			
Purchase of tangible assets	9	(18)	(43)
Investment in subsidiary		-	(650)
<b>Net cash used in investing activities</b>		(18)	(693)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,674)	1,043
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,873</b>	<b>2,830</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,199</b>	<b>3,873</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		1,199	3,873
Cash equivalents		-	-
<b>Cash and cash equivalents</b>		<b>1,199</b>	<b>3,873</b>

The notes on pages 10 to 19 form part of these financial statements.

## **TESCO PENSION INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **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, and 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 pound 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. The Company is exempt from the obligation to prepare and deliver group accounts under s400 of the Companies Act.

##### **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. The Company provides investment services exclusively to the Pension Scheme and is funded on a cost-plus basis by the Pension Scheme. As a consequence, the Directors have considered the ability of the Pension Scheme to continue funding the Company. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

The recent outbreak and global spread of Covid-19 will have a significant and prolonged impact on global economic conditions. The impacts of this on the Company, the Tesco PLC Pension Scheme and ultimately Tesco PLC, have been considered by the Directors in their view of the Company's ability to continue as a going concern.

##### **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.

## **TESCO PENSION INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

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

##### **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 being the difference between the carrying value and recoverable amount.

##### **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.

The company may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Statement of Comprehensive Income.

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 2021 (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 2021 (continued)

#### 3. TURNOVER

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

	Year to 31-Mar-21 £000's	Year to 31-Mar-20 £000's
Income received from the Tesco PLC Pension Scheme	30,699	27,525

#### 4. STAFF COSTS

	Year to 31-Mar-21 £000's	Year to 31-Mar-20 £000's
Salaries and bonus payments	18,416	16,576
Social security costs	2,551	1,772
Pension costs	921	763
	21,888	19,111

The average number of UK employees (excluding directors) per month during the year ended 31 March 2021 was 76 (2020: 61). All employees are classified as permanent.

Pension costs consist of £921k of contributions to the Tesco Retirement Savings Plan (2020: £763k)

#### 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 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-21 £000's	Year to 31-Mar-20 £000's
Aggregate emoluments	2,176	2,285
<b>Highest paid Director</b>	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
Total aggregate emoluments and amounts (excluding shares) receivable under long term incentive schemes	1,373	1,475

The highest paid Director is not a member of the Pension Scheme so has not accrued any pension benefits. He was awarded 36,092 (2020: 55,029) 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).

#### 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 2021 (continued)**

**6. ADMINISTRATIVE EXPENSES**

	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
Depreciation	133	131
Legal and professional	3,573	2,170
Fees paid to auditor – audit of financial statements	41	22
Recruitment	397	273
Rent	342	390
Service charges & utilities	171	312
Travel & accommodation	(7)	169
Sundry expenses	86	178
Research cost	2,004	2,498
IT costs	2,071	2,222
	<b>8,811</b>	<b>8,365</b>

**7. TAX ON PROFIT**

The tax charge comprises:

	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
UK corporation tax on profit for the year	-	49
Tax on profit	-	49

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

	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
Profit before taxation	-	49
Tax on profit in the UK of 19% (2020: 19%)	-	9
Effects of:		
Non-qualifying depreciation	6	6
Adjustment from previous periods	-	47
Group relief claimed without payment	(29)	(22)
Expenses not deductible for tax purposes	4	1
Deferred tax asset not recognised	19	8
Total tax charge for the financial year	-	49

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the financial statements. The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2020: 19%).

**TESCO PENSION INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

**7. TAX ON PROFIT (continued)**

**Current tax assets**

	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
UK Corporation Tax receivable	-	3

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

	<b>Year to 31-Mar-21 £000's</b>	<b>Year to 31-Mar-20 £000's</b>
Operating profit	-	49
Depreciation and amortisation charges	133	131
(Increase)/decrease in debtors	(4,153)	1,671
Increase/(decrease) in creditors (excluding taxation)	1,364	(66)
<b>Cash flow from operating activities</b>	<b>(2,656)</b>	<b>1,785</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 1 April 2020	222	973	437	1,632
Additions at cost	-	18	-	18
<b>At 31 March 2021</b>	<b>222</b>	<b>991</b>	<b>437</b>	<b>1,650</b>
<b>Accumulated Depreciation</b>				
At 1 April 2020	(194)	(554)	(371)	(1,119)
Charge for the year	(13)	(98)	(22)	(133)
<b>At 31 March 2021</b>	<b>(207)</b>	<b>(652)</b>	<b>(393)</b>	<b>(1,252)</b>
<b>Net book value</b>				
<b>At 31 March 2021</b>	<b>15</b>	<b>339</b>	<b>44</b>	<b>398</b>
<b>At 31 March 2020</b>	<b>28</b>	<b>419</b>	<b>66</b>	<b>513</b>

**TESCO PENSION INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)****10. INVESTMENT IN SUBSIDIARY**

Company purchased 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-21	31-Mar-20
	£000's	£000's
Amounts owed by Tesco PLC Pension Scheme (payable on demand)	15,563	11,359
VAT receivable	619	953
Prepayments	757	604
Intercompany Receivable	136	3
Tax debtor	-	3
	<b>17,075</b>	<b>12,922</b>

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

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31-Mar-21	31-Mar-20
	£000's	£000's
Other taxation and social security	1,306	957
Accruals	9,830	9,894
Deferred income	8,186	7,107
	<b>19,322</b>	<b>17,958</b>

**13. CALLED UP SHARE CAPITAL**

	31-Mar-21	31-Mar-20
	£	£
Authorised, allotted, called up and fully paid: 1 Ordinary shares of £1 each (2020: £1)	1	1

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

The Company does not hold any reserves.



## TESCO PENSION INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 14. FINANCIAL INSTRUMENTS

	31-Mar-21 £000's	31-Mar-20 £000's
<b>Financial assets</b>		
Debtors not including VAT and intercompany receivable, and tax debtors (see note 11)	16,319	11,962
Cash	1,199	3,873
	<b>17,518</b>	<b>15,835</b>
<b>Financial liabilities</b>		
Creditors (see note 12) – amounts falling due within one year	(9,830)	(9,894)
	<b>7,688</b>	<b>5,941</b>

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 £921k to the Tesco Retirement Savings Plan (2020: £763k).

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 27 February 2021 of £1,004m (2020: £2,573m), 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 29 February 2020 which can be found on the Tesco PLC [www.tescopl.com](http://www.tescopl.com). Tesco PLC's registered address is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom AL7 1GA

## TESCO PENSION INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 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-21	31-Mar-20
Future minimum lease payments	£000's	£000's
Within one year	301	220
Within two to five years	888	576
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.

#### 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.

Amounts owed to the Company by Tesco PLC Pension Scheme as at 31 March 2021 are £15.6m (2020: £11.4m). This was fully settled after the balance sheet date.

During the year expenses paid on behalf of the Company by the Tesco Stores Limited are £1.3m (2020: £1.1m), of which there was no outstanding as at 31 March 2021, repayable on demand. Expenses paid on behalf of the Company by the Tesco PLC Pension Scheme is nil (2020: nil).

During the year Tesco Stores Limited purchased fixed assets on behalf of the Company amounting to nil (2020: £32k).

Two Directors (2020: 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 (resigned 14 April 2021), Tesco Jade (Nominee) Limited (resigned 14 April 2021), Tesco (Navona) GP Limited (resigned 29 January 2021), Tesco (Passaic) GP Limited (resigned 29 January 2021), TPT Holdco No.1 Limited (resigned 29 January 2021), Waterside General Partner Limited (resigned 5 February 2021) and TPI Fund Managers Limited (resigned 4 March 2021). D Firth, Director also served as a director of TPI Fund Managers Limited, Tesco Pension Trustees Limited, Tesco Jade (GP) Limited, Tesco Jade (Nominee) Limited, Tesco (Navona) GP Limited, Tesco (Passaic) GP Limited, TPT Holdco No.1 Limited and Waterside General Partner 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 (2020: none).

**TESCO PENSION INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

**18. RELATED PARTIES (continued)**

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 103,099 shares were awarded in respect of the year to 31 March 2021 (2020: 167,619). 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.