

TESCO SARUM (1LP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016
Registered Number: 07849948



TESCO SARUM (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Annual Report and the audited financial statements of Tesco Sarum (1LP) Limited ("the Company") for the 52 weeks ended 27 February 2016 (Prior period 53 weeks ended 28 February 2015)

Review of the business

The principal activity of the Company is to act as the holding company for Tesco PLC's investment in The Tesco Sarum Limited Partnership. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

Prior year restatement

Within the year, it became apparent that the Company had incorrectly treated the historic timing differences arising from the basis of taxation of the Limited Partner compared to the Partnership.

As at the end of 28 February 2015, the cumulative impact on deferred tax that had not previously been reflected in the Company's accounts was £201,475.

The profit and loss account for the year to 28 February 2015 has been restated by £76,676. The balance of £124,799 has been presented as an adjustment to the opening balance on the profit and loss account for the financial year ended 28 February 2014.

Within the year, it also became apparent that the share premium account had been overstated by £20,024. An intercompany creditor with the Company's immediate parent company, Tesco Property Holdings Limited, should have been disclosed.

Whilst there is no impact on the profit and loss account, net liabilities for the year to 22 February 2014 have been restated by £20,024 and the share premium account balance has been restated to £479,976.

Results and dividends

The results for the period show a pre-tax result of £nil (2015 £nil).

The Directors do not recommend payment of a dividend for the period ended 27 February 2016 (2015 £nil).

Financial risk management

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

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 24 to 27 of the Tesco PLC Annual Report 2016 which does not form part of this Report.

TESCO SARUM (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

Political donations

There were no political donations for the period (2015 £nil)

Future outlook

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

The Company's future developments form a part of the Group's long term strategy which is discussed on pages 6 to 8 of the Tesco PLC Annual Report 2016, which does not form part of this Report

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Company is in a net liabilities position, the Directors note that these liabilities will not crystallise until the properties in The Tesco Sarum Limited Partnership are sold. Accordingly the accounts have been prepared on a going concern basis.

Research and development

The Company does not undertake any research and development activities (2015 none)

Employees

The Company had no employees during the period (2015 none)

Directors and their interests

The following Directors served during the period and up to the date of signing the financial statements, except as noted

A Clark
J Gibney
Tesco Services Limited

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

Strategic Report

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 from preparing the Strategic Report. Section 414B allows for small companies that would not be entitled to the exemption for being part of an ineligible group, to be exempt from the preparation of the Strategic Report.

TESCO SARUM (ILP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

Directors' Responsibilities Statement

The Directors are responsible for preparing the Director's 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 and 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 auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

On behalf of the Board 23 November 2016



Tesco Services Limited
Tesco Sarum (ILP) Limited
Registered Number 07849948

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

TESCO SARUM (1LP) LIMITED

INDEPENDANT AUDITORS' REPORT TO THE MEMBERS OF TESCO SARUM (1LP) LIMITED

We have audited the financial statements of Tesco Sarum (1LP) Limited for the year ended 27 February 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 27 February 2016 and of its loss for the year then ended,
- 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TESCO SARUM (1LP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO SARUM (1LP) 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, or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report

Rebecca Drew

Rebecca Drew (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

23 November 2016

TESCO SARUM (1LP) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

	Notes	52 weeks to 27 February 2016	53 weeks to 28 February 2015 Restated
		£	£
Operating result		-	-
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	(61,523)	(144,731)
(Loss) and total comprehensive income for the financial period		(61,523)	(144,731)

The notes on pages 8 to 13 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

	Notes	Called up share capital	Share Premium Account	Profit and loss account	Total shareholder's funds
		£	£	£	£
At 22 February 2014		20,000	500,000	(832,940)	(312,940)
Opening balance adjustment	1	-	(20,024)	124,799	104,775
At 22 February 2014 (Restated)		20,000	479,976	(708,141)	(208,165)
Total comprehensive loss for the period (Restated)		-	-	(144,731)	(144,731)
At 28 February 2015		20,000	479,976	(852,872)	(352,896)
Total comprehensive loss for the period		-	-	(61,523)	(61,523)
At 27 February 2016		20,000	479,976	(914,395)	(414,419)

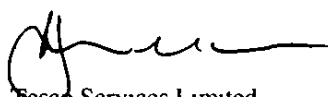
TESCO SARUM (ILP) LIMITED

BALANCE SHEET AS AT 27 FEBRUARY 2016

	Note	27 February 2016 £	28 February 2015 Restated £
Fixed assets			
Investments	5	10,000	10,000
Current assets			
Cash at Bank		21,687	21,687
		21,687	21,687
Creditors amounts falling due within one year	6	(20,024)	(20,024)
Net current assets		1,663	1,663
Provision for liabilities	7	(426,082)	(364,559)
Net liabilities		(414,419)	(352,896)
Capital and reserves			
Called up share capital	8	20,000	20,000
Share Premium		479,976	479,976
Profit and loss account		(914,395)	(852,872)
Total shareholder's funds		(414,419)	(352,896)

The notes on pages 8 to 13 form part of these financial statements

These financial statements on pages 6 to 13 were approved by the Board of Directors and authorised for issue on 23 November 2016 and were signed on its behalf by



Tesco Services Limited
Director

Tesco Sarum (ILP) Limited

Registered Number 07849948

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

TESCO SARUM (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 52 WEEKS ENDED 27 FEBRUARY 2016

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Tesco Sarum (1LP) Limited (the "Company") for the period ended 27 February 2016 were authorised for issue by the board of directors on 23 November 2016 and the balance sheet was signed on the board's behalf by Tesco Services Limited. Tesco Sarum (1LP) Limited is incorporated and domiciled in the United Kingdom and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention and the Companies Act 2006.

The results of the Company are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Prior year restatement

Within the year, it became apparent that the Company had incorrectly treated the historic timing differences arising from the basis of taxation of the Limited Partner compared to the underlying Partnership.

As at the end of 28 February 2015, the cumulative impact on deferred tax that had not previously been reflected in the Company's accounts was £201,475.

The profit and loss account for the year to 28 February 2015 has been restated by £76,676. The balance of £124,799 has been presented as an adjustment to the opening balance on the profit and loss account for the financial year ended 28 February 2014.

Within the year, it also became apparent that the share premium account had been overstated by £20,024. An intercompany creditor with the Company's immediate parent company, Tesco Property Holdings Limited, should have been disclosed.

Whilst there is no impact on the profit and loss account, net liabilities for the year to 22 February 2014 have been restated by £20,024 and the share premium account balance has been restated to £479,976.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

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

TESCO SARUM (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 52 WEEKS ENDED 27 FEBRUARY 2016

2. ACCOUNTING POLICIES (continued)

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations

The disclosure exemptions adopted by the company in accordance with FRS 101 are as follows

- The requirements of paragraphs 10(d), 10(f), 39(c), 40(a) and 134-136 of IAS1 Presentation of financial statements,
- The requirements of IAS 7 Statement of Cash Flows,
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member,
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Changes in accounting policy and disclosures

There are no IFRSs or IFRIC interpretations adopted for the first time in the current year which had a material impact on the Company

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Company is in a net liabilities position, the directors note that these liabilities will not crystallise until the properties in The Tesco Sarum Limited Partnership are sold. Accordingly the accounts have been prepared on a going concern basis.

Fixed asset investments

Investments in subsidiaries and associates are stated at cost plus incidental expenses less where appropriate provisions for impairment.

Impairment of investments

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Group relief on taxation

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

TESCO SARUM (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 52 WEEKS ENDED 27 FEBRUARY 2016

2. ACCOUNTING POLICIES (continued)

Deferred tax

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 the 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 Group 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 Group 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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The directors do not consider that any of the estimates made within these financial statements are significant.

3. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Directors received no emoluments for their services to the Company (2015 £nil)

The Company had no employees during the period (2015 none)

The auditors' remuneration of £3,075 (2015 £3,075) for the current period was borne by Tesco Stores Limited

TESCO SARUM (ILP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

4. TAX ON RESULT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 21% to 20% from 1 April 2015, and from 23% to 21% with effect from 1 April 2014

This gives an overall blended Corporation Tax rate for the company for the full year of 20.1% (2015: 21.2%)

	52 weeks to 27 February 2016 £	53 weeks to 28 February 2015 Restated £
Current tax:		
UK Corporation tax on result for the financial period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	54,611	97,350
Adjustments in respect of previous periods	54,254	47,381
Due to rate change	(47,342)	-
Total deferred tax	61,523	144,731
Total income tax expense	61,523	144,731

	52 weeks to 27 February 2016 £	53 weeks to 28 February 2015 Restated £
Result on ordinary activities before tax	-	-
Result on ordinary activities multiplied by blended rate in the UK 20.1% (2015: 21.2%)	-	-
Effects of		
Group relief (claimed)/surrendered without payment	54,611	100,323
Prior year adjustments	54,254	47,381
Other	-	(2,973)
Differences due to rate changes	(47,342)	-
Total income tax charge for the year	61,523	144,731

The Finance Act 2015 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate reductions are therefore included in the financial statements. In addition, it was announced in the March 2016 Budget Statement that the main rate of corporation tax will be further reduced by 1% to 17% from 1 April 2020. This further rate reduction had not been substantively enacted at the balance sheet date and has therefore not been reflected in these financial statements.

TESCO SARUM (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

5. FIXED ASSET INVESTMENTS

	Company £
Cost and net book value	
At 28 February 2015	10,000
At 27 February 2016	10,000

The Directors believe that the carrying value of the investment is supported by its underlying net assets

Details of the principal associated undertakings at the period end are as follows

Associated undertakings	Country of incorporation	% Interest held	Nature of business
The Tesco Sarum Limited Partnership	England and Wales	49.95%	Property investment

6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 February 2016 £	28 February 2015 £
Amounts due to group undertakings	20,024	20,024
	20,024	20,024

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

7 PROVISIONS FOR LIABILITIES

Deferred Taxation

	Accelerated Capital Allowances £	Short-term timing differences £	Conversion Adjustment £	Total £
As at 1 March 2015 as previously stated	566,034	-	-	566,034
Opening balance restatement (note 1)	-	(201,475)	-	(201,475)
At 1 March 2015 (restated)	566,034	(201,475)	-	364,559
Origination and reversal of timing differences				
In respect of the current period	152,575	(92,538)	(5,426)	54,611
In respect of prior periods			54,254	54,254
Impact of rate change	(71,861)	29,401	(4,882)	(47,342)
At 27 February 2016	646,748	(264,612)	43,946	426,082

The conversion adjustment reflects the Company's share of the conversion of the underlying partnership to FRS102

TESCO SARUM (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

8. CALLED UP SHARE CAPITAL

	27 February 2016 £	28 February 2015 £
Allotted, called up and fully paid	20,000	20,000
20,000 Ordinary shares of £1 each		

9. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The Company's ultimate parent undertaking is Tesco PLC which is registered in England and Wales. The results of the Company are included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.