TESCO DORNEY (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

Registered Number: 08255493

TESCO DORNEY (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

The Directors present their Report and the audited consolidated financial statements of Tesco Dorney (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") for the 52 weeks ended 23 February 2019 (prior period: 52 weeks ended 24 February 2018 ("2018")).

Business review and principal activity

The principal activity of the Parent Company is to act as a holding company for the other entities in the Tesco Dorney Limited Partnership Group. The principal activity of the Tesco Dorney Limited Partnership is to carry out property investment in retail stores and mixed use units for which a rental income is received. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

The financial statements of the Parent Company and the Group have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102').

Results and dividends

The results for the 52 weeks ended 23 February 2019 show a profit before tax of £182 (2018: result before tax of £nil) and profit after tax of £80 (2018: loss after tax of £131).

The Group has net assets at the period end of £222,348 (2018: £222,268) and has net current assets of £226,328 (2018: £226,248).

The Directors do not recommend payment of a dividend for the 52 weeks ended 23 February 2019 (2018: £nil).

Future developments

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

The Group's future developments form a part of the Tesco PLC Group's (the "PLC Group") long term strategy, which is discussed on pages 14 and 15 of Tesco PLC Annual Report and Financial Statements 2019, which do not form part of this Report.

Principal risks and uncertainties

From the perspective of the Group and the Parent Company, the principal risks relate to the carrying value of investments that this Parent Company holds. To manage this risk, the Parent Company periodically reviews the financial statements of the entities the Parent Company has investments in.

From the perspective of the Group and the Parent Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Tesco PLC Group, which include the Parent Company, are discussed on pages 32 to 36 of the Tesco PLC Annual Report and Financial Statements 2019, which do not form a part of this Report.

No impairment losses were recognised during the period (2018: £nil).

The Parent Company's activities expose it to risks and uncertainties as summarised below and discussed in more details in the prospectus under the section risk factors. Risk management is predetermined based on the terms of the Prospectus and is also summarised below.

The Parent Company's financial instruments comprise the debtors, creditors and cash at banks.

The main risks associated with the Parent Company's financial assets and liabilities are set out below:

Business risk

Uncertainty around the UK's departure from the EU continues to grow as a result of the ongoing political deadlock. A failure to prepare for all eventualities, and any resulting disruption, could have an adverse impact on our primary business, financial results and operations. The PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking appropriate mitigation measures to address challenges as appropriate.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the PLC Group, which includes the Parent Company, is discussed on pages 16 and 17 of the Tesco PLC Annual Report and Financial Statements 2019 which do not form a part of this Report.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors consider that the Group has adequate resources to remain in operation for a period of at least twelve months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

Therefore, the Directors consider that the Group is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Events after the Balance Sheet date

Details of events after the reporting period can be found in Note 17 to the financial statements.

Political donations

There were no political donations for the period (2018: £nil) and the Group and the Parent Company did not incur any political expenditure (2018: £nil).

Research and development

The Group and the Parent Company does not undertake any research and development activities (2018: none).

Financial risk management

The Group & Parent Company's activities are exposed to a number of financial instrument risks which includes credit risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The receivables of the Group & Parent Company are primarily pertaining to receivables from Group undertakings, hence credit risk is determined to be low.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The payables of the Group & Parent Company are primarily pertaining to payables to Group undertakings, the liquidity risk is determined to be low.

Strategic report

The Directors have taken advantage of the exemption under section 414B of The Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from preparing a Strategic Report.

Employees

The Group and the Parent Company had no employees during the period (2018: none).

Directors

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

J Gibney
Tesco Services Limited
M & R Dorney 3 Limited
M & R Dorney 4 Limited
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None of the Directors had any disclosable interests in the Parent Company during the period.

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 Parent Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of M&R Dorney 3 Limited and M&R Dorney 4 Limited 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, the Parent Company maintained a Directors and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

Disclosure of information to auditor

Each Director who is a Director of the Parent Company at the date of approval of these financial statements confirms that:

- so far as the Directors are aware, there is no relevant information of which the Parent Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that the Parent Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Report and the consolidated financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with FRS 102 "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" and applicable law. 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 Group and Parent Company and of the profit or loss of the Parent Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent 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 Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor

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

Approved by the Board on 20 August 2019 and signed on behalf of the Board by:

DocuSigned by:
Robert Welch
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Robert Welch
For and on behalf of Tesco Services Limited, Director
Tesco Dorney (GP) Limited
Registered Number: 08255493
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO DORNEY (GP) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tesco Dorney (GP) Limited (the 'Parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 23 February 2019 and of its profit for the period 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 the 'Parent Company' and the 'Group' which comprise:

- the Group Profit and Loss Account;
- the Group and Parent Company Balance Sheet;
- the Group and Parent Company Statement of Changes in Equity;
- the Group Cash Flow Statement;
- the Reconciliation of Net Cash Flow to Movement in Net Debt; and
- the related notes 1 to 17.

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 Group and the Parent 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 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 Group and the Parent 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 authorized for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO DORNEY (GP) LIMITED (continued)

Other information

The Directors' 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.

We have nothing to report in respect of these matters.

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 Group's and Parent 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 Group and the Parent 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 Financial Reporting Council'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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in 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; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

Simon Letts FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St. Albans, United Kingdom
21 August 2019

GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Notes	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Operating result	4	-	-
Interest receivable and similar income	5	182	-
Profit/result before tax		182	-
Tax (charge) on profit	6	(102)	(131)
Profit/(loss) for the financial period		80	(131)

There are no material differences between the profit/result before tax and the profit/(loss) for the period stated above and their historical cost equivalents.

All operations are continuing for the financial period.

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

The notes on pages 12 to 21 are an integral part of these financial statements.

TESCO DORNEY (GP) LIMITED

GROUP AND PARENT COMPANY BALANCE SHEET AS AT 23 FEBRUARY 2019

		Group		Parent Company	
	Notes	23 February 2019	24 February 2018	23 February 2019	24 February 2018
		£	£	£	£
Fixed assets					
Investments	7	**20**	20	**220**	220
		20	20	**220**	220
Current assets					
Deferred tax assets	8	**885**	326	**885**	326
Debtors: amounts falling due within one year	9	**80,783**	80,783	**77,783**	77,783
Cash at bank and in hand		**145,321**	145,533	**145,321**	145,533
		226,989	226,642	**223,989**	223,642
Current liabilities					
Creditors: amounts falling due within one year	10	**(661)**	(394)	**(861)**	(594)
Net current assets		**226,328**	226,248	**223,128**	223,048
Total asset less current liabilities		**226,348**	226,268	**223,348**	223,268
Creditors: amounts falling due after one year	11	**(4,000)**	(4,000)	**(1,000)**	(1,000)
Net assets		**222,348**	222,268	**222,348**	222,268
Capital and reserves					
Called up share capital	12	**10,000**	10,000	**10,000**	10,000
Share premium		**212,336**	212,336	**212,336**	212,336
Profit and loss account		**12**	(68)	**12**	(68)
Total shareholders' funds		**222,348**	222,268	**222,348**	222,268

The Parent Company's total profit after tax for the financial period was £80 (2018: loss after tax of £131).

The notes on pages 12 to 21 are an integral part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board and authorised for issue on 20 August 2019. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. They were signed on its behalf by:

DocuSigned by:

Robert Welch

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Robert Welch

For and on behalf of Tesco Services Limited, Director

Tesco Dorney (GP) Limited

Registered Number: 08255493

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

TESCO DORNEY (GP) LIMITED

GROUP AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Called up share capital*	Share premium	Profit and Loss account	Total
	£	£	£	£
Balance as at 25 February 2017	10,000	212,336	63	222,399
Loss and total comprehensive loss for the financial period	-	-	(131)	(131)
Balance as at 24 February 2018	10,000	212,336	(68)	222,268
Profit and total comprehensive income for the financial period	-	-	80	80
Balance as at 23 February 2019	**10,000**	**212,336**	**12**	**222,348**

*See Note 12 for a breakdown of the called up share capital.

The notes on pages 12 to 21 are an integral part of these financial statements.

TESCO DORNEY (GP) LIMITED

GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Cash flows from operating activities	-	-
Tax paid	(394)	-
Cash flows from investing activities		
Interest received	182	-
Cash flows from financing activities	-	-
Net (Decrease)/increase in cash and cash equivalents	(212)	-
Cash and cash equivalents at the beginning of the period	145,533	145,533
Cash and cash equivalents at the end of the period	145,321	145,533

The notes on pages 12 to 21 are an integral part of these financial statements.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Notes	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
(Decrease)/increase in cash and cash equivalents	14	**(212)**	-
Opening net debt	14	**145,533**	145,533
Closing net debt		**145,321**	145,533

The notes on pages 12 to 21 are an integral part of these financial statements.

1. Statement of compliance

The financial statements of Tesco Dorney (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. General information

The Parent Company is a private company, limited by shares and is incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Parent Company's operations and its principal activities are set out in the Directors' Report on pages 1 to 3. Details of the Parent Company's subsidiaries are set out in Note 7.

The functional and presentational currency of the Parent Company and the Group is Pound Sterling (£) because that is the currency of the primary economic environment in which the Parent Company and the Group operates. The consolidated financial statements are also presented in Pound Sterling.

3. Accounting policies

a) Basis of consolidation

The financial statements of the Parent Company and the Group have been prepared in accordance with FRS 102. The financial statements are also prepared in accordance with the Companies Act 2006 as applicable to entities reporting under FRS 102 (and as required by the amended and restated Limited Partnership Agreement), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and are prepared under the historical cost convention.

The Consolidated Group financial statements consists of the financial statements of Tesco Dorney (GP) Limited and its 100% subsidiaries: Tesco Dorney (Nominee Holdco) Limited, Tesco Dorney (Nominee 1) Limited and Tesco Dorney (Nominee 2) Limited. Subsidiaries have been consolidated in the financial statements from the date that control commences until the date that control ceases.

The results of subsidiary undertakings acquired are included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

As a Consolidated Group Profit and Loss Account is published, a separate Profit and Loss Account for the Parent Company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The Group has taken the exemption to prepare a Parent Company cash flow statement as this has been prepared on a Group basis.

b) Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors consider that the Group has adequate resources to remain in operation for a period of at least twelve months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.
Therefore, the Directors consider that the Group is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Parent Company's accounting policies, which are described hereafter, the Directors are required to make judgments, 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 various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below.

3. Accounting policies (continued)

c) Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Carrying value of investment

For the carrying value of investments, management have assessed the underlying investment by reviewing its net assets as well as future expected cash flows to determine whether it supports the carrying value.

d) Significant accounting policies

Fixed asset investments

Fixed asset investments in subsidiaries and associates are stated at cost plus incidental expenses less where appropriate provisions for impairment. Impairment is reviewed annually with movements taken to the Profit and Loss Account. The Parent Company elected to adopt the cost model for holding its fixed assets as permitted under Section 9 of FRS 102.

Impairment of fixed asset

At each Balance Sheet date, the Parent Company reviews the carrying amounts of the fixed asset investments to determine whether there is any need for impairment in accordance with Section 27 of FRS 102, "Impairment of Assets". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Parent Company and Group becomes a party to the contractual provisions of an instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and Group and Parent Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer: (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law: or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group or Parent Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group or Parent Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

Investment income

Income received from investments is the cash distribution of the Parent Company's share of the profits in its fixed asset investments. Investment income is recognised when the Parent Company has right to receive the distributions from its fixed assets investments.

Income taxes

Current taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Group tax relief on taxation

The Parent Company may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Parent Company and Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Parent Company and Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Parent Company and Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

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

Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

4. Operating result

The Directors received no emoluments for their services to the Group (2018: £nil).

The Group and Parent Company had no employees during the period (2018: none).

The auditor's remuneration of £9,225 (2018: £9,225) for the current period and prior period was borne by the Tesco Dorney Limited Partnership.

The non-audit fees for the period is £nil (2018: £nil).

5. Interest receivable and similar income

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Interest received on bank deposits	182	-
	182	-

6. Tax charge on profit

(a) Factors that have affected the tax charge

The standard rate of corporation tax in the UK is 19% from 1 April 2017, and 17% from 1 April 2020. This gives a corporation tax rate for the Group for the full period of 19% (2018: 19.09%).

(b) Tax charge in the Profit and Loss Account

	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Current tax:		
UK Corporation tax on profit for the financial period	**657**	394
Adjustment in respect of previous period	**4**	-
Total current tax	**661**	394
Deferred tax:		
Origination and reversal of temporary differences	**(622)**	(394)
Adjustment in respect of previous period	**(3)**	88
Effect of changes in tax rates	**66**	43
Total deferred tax	**(559)**	(263)
Tax charge in the Profit and Loss Account	**102**	131

(c) Reconciliation of the tax charge

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

	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Profit/result before tax	**182**	-
Tax (charge)/credit at standard UK corporation tax rate of 19% (2018: 19.09%)	35	-
Effects of:		
Adjustment in respect of previous period	1	88
Effect of changes in tax rates	66	43
Overall tax charge	**102**	131

(d) Tax rate changes

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 remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

7. Investments

	Group £	Parent Company £
Cost		
At 24 February 2018	20	220
At 23 February 2019	**20**	**220**
Net book value		
At 24 February 2018	20	220
At 23 February 2019	**20**	**220**

The Directors believe that the carrying value of the investments is supported by the underlying net assets as the subsidiaries hold the legal title and the economic rights to all the investment properties leased by The Tesco Dorney Limited Partnership.

Details of the subsidiary undertakings at the period end are as follows:

Subsidiary undertakings	Registered office and country of incorporation	Share class	Direct/Indirect holding	% Shares held	Nature of business
Tesco Dorney (Nominee Holdco) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	Direct	100%	Holding Company
Tesco Dorney (Nominee 1) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	Indirect	100%	Nominee Company
Tesco Dorney (Nominee 2) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	Indirect	100%	Nominee Company

Details of the other investments at the period end are as follows:

Other investments	Registered office and country of incorporation	Type of entity	% Interest held	Nature of business
The Tesco Dorney Limited Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	Limited Partnership	0.1%	Property investment

A copy of the latest accounts of The Tesco Dorney Limited Partnership will be appended to the copy of the Parent Company's accounts sent to the registrar under section 444 of the Companies Act 2006.

8. Deferred tax asset (Group)

The following are the deferred tax (liabilities)/assets recognised by the Group and movements thereon during the current and prior financial period measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the Balance Sheet date:

Deferred tax asset	Short-term timing differences	Conversion adjustment	Accelerated capital allowance	Tax losses	Total
	£	£	£	£	£
At 25 February 2017	2,543	(64)	(2,501)	85	63
Origination and reversal of temporary differences					
- In respect of the current period	928	9	(448)	(95)	394
- In respect of previous periods	-	-	(88)	-	(88)
Effect of changes in tax rate	(101)	(1)	49	10	(43)
At 24 February 2018	3,370	(56)	(2,988)	-	326
Origination and reversal of temporary differences					
- In respect of the current period	**1,003**	**9**	**(390)**	-	**622**
- In respect of previous periods	-	-	**3**	-	**3**
Effect of changes in tax rate	**(106)**	**(1)**	**41**	-	**(66)**
At 23 February 2019	**4,267**	**(48)**	**(3,334)**	-	**885**

Deferred tax asset (Parent Company)

The following are the deferred tax (liabilities)/assets recognised by the Parent Company and movements thereon during the current and prior financial period measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the Balance Sheet date:

Deferred tax asset (Parent Company) (continued)

Deferred tax asset	Short-term timing differences	Conversion adjustment	Accelerated capital allowance	Tax losses	Total
	£	£	£	£	£
At 25 February 2017	2,543	(64)	(2,501)	85	63
Origination and reversal of temporary differences					
- In respect of the current period	928	9	(448)	(95)	394
- In respect of previous periods	-	-	(88)	-	(88)
Effect of changes in tax rate	(101)	(1)	49	10	(43)
At 24 February 2018	3,370	(56)	(2,988)	-	326
Origination and reversal of temporary differences					
- In respect of the current period	**1,003**	**9**	**(390)**	**-**	**622**
- In respect of previous periods	**-**	**-**	**3**	**-**	**3**
Effect of changes in tax rate	**(106)**	**(1)**	**41**	**-**	**(66)**
At 23 February 2019	**4,267**	**(48)**	**(3,334)**	**-**	**885**

9. Debtors: amounts falling due within one year

	Group		Parent Company	
	23 February 2019	24 February 2018	**23 February 2019**	24 February 2018
	£	£	**£**	£
Amount owed by The Tesco Dorney Limited Partnership	**80,783**	80,783	**77,783**	77,783
	80,783	80,783	**77,783**	77,783

Amounts owed by The Tesco Dorney Limited Partnership are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Creditors: amounts falling due within one year

	Group		Parent Company	
	23 February 2019	24 February 2018	**23 February 2019**	24 February 2018
	£	£	**£**	£
Amount owed to Group undertakings	**-**	-	**200**	200
Corporation tax	**661**	394	**661**	394
	661	394	**861**	594

11. Creditors: amounts falling due after one year

	Group		Parent Company	
	23 February 2019	24 February 2018	**23 February 2019**	24 February 2018
	£	£	**£**	£
Tesco Property Finance 6 PLC	**4,000**	4,000	**1,000**	1,000
	4,000	4,000	**1,000**	1,000

On 16 October 2012, the Parent Company entered into a loan agreement with Tesco Property Finance 6 PLC. The loan is interest free, and is repayable within one month of 10 October 2041. No early repayment is permitted.

12. Called up share capital

	Group and Parent Company	
	23 February 2019	24 February 2018
	£	£
Allotted, called up and fully paid:		
5,000 Ordinary 'A' shares of £1 each (2018: 5,000)	**5,000**	5,000
Allotted, called up and fully paid:		
5,000 Ordinary 'B' shares of £1 each (2018: 5,000)	**5,000**	5,000
	10,000	10,000

'A' shares and 'B' shares each constitute a separate class of shares. Both classes of shares have the same rights and rank pari passu in all respects.

13. Net cash flow from operating activities

	Group	
	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Profit/(loss) for the financial period	**80**	(131)
Adjustments for tax on profit	**102**	131
Interest receivable and similar income	**(182)**	-
Net cash flow from operating activities	-	-

14. Analysis of changes in net debt

	25 February 2017	Net cash flow	24 February 2018
	£	£	£
Cash at bank and in hand	145,533	-	145,533
	145,533	-	145,533

	24 February 2018	**Net cash flow**	**23 February 2019**
	£	**£**	**£**
Cash at bank and in hand	**145,533**	**(212)**	**145,321**
	145,533	**(212)**	**145,321**

15. Ultimate parent undertaking and controlling party

Tesco Property Holdings (No. 2) Limited and Dorney (CUEF) Limited are the Parent Company's immediate parent undertakings, as part of a joint venture, each of which have 50% stake in the Parent Company.

Tesco PLC and Mills & Reeve Trust Corporation Limited are the Parent Company's ultimate parent undertakings, as part of a joint venture. Tesco PLC is registered in England and Wales and copies of the Tesco PLC Annual Report and financial statements are available from the Company Secretary at the registered address: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. Mills & Reeve Trust Corporation Limited is registered in England and Wales and copies of Mills & Reeve Trust Corporation Limited financial statements can be obtained from the registered address: Company Secretary, 1, St. James Court, White friars, Norwich, NR3 1RU.

16. Related party transactions and balances

During the 52 week's period ended 23 February 2019 the Parent Company entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 23 February 2019, are as follows:

Entity	**Relationship**	**Balances**
The Tesco Dorney Limited Partnership	Investment held in the Partnership	Amount owed by The Tesco Dorney Limited Partnership at the end of the period £77,783 (2018: £77,783)
Tesco Dorney (Nominee Holdco) Limited	Subsidiary	Amounts owed to Tesco Dorney (Nominee Holdco) Limited at the end of the period £100 (2018: £100)
Tesco Dorney (Nominee 1) Limited	Subsidiary	Amounts owed to Tesco Dorney (Nominee 1) Limited at the end of the period £50 (2018: £50)
Tesco Dorney (Nominee 2) Limited	Subsidiary	Amounts owed to Tesco Dorney (Nominee 2) Limited at the end of the period £50 (2018: £50)
Tesco Property Finance 6 PLC	Subsidiary of ultimate parent undertaking	£1,000 (2018: £1,000) owed to the Partnership by the Parent Company as at the period end. £4,000 (2018: £4,000) owed to the Partnership by the Group as at the period end.

Reference to balances outstanding at the period end are disclosed in Notes 9, 10 and 11.

17. Events after Balance Sheet date

There have been no material events since the Balance Sheet date which require disclosing.

TESCO DORNEY (GP) LIMITED

PARENT COMPANY PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Operating result	-	-
Interest receivable and similar income	182	-
Profit/result before tax	182	-
Tax charge	(102)	(131)
Profit/(loss) for the financial period	80	(131)

This page does not form part of the audited financial statements.

THE TESCO DORNEY LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

REGISTERED NUMBER: LP015248

THE TESCO DORNEY LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

Tesco Dorney (GP) Limited (the "General Partner") presents its Strategic Report of The Tesco Dorney Limited Partnership (the "Partnership") for the 52 weeks ended 23 February 2019 (prior period: 52 weeks ended 24 February 2018 ("2018")).

Business review and principal activity

The principal activity of the Partnership is to carry out property investment in retail stores and mixed use units for which a rental income is received.

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

The financial statements of the Partnership have been prepared in accordance with the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ('FRS 102').

Results and distributions

The results for the period show a total comprehensive income of £4,638,867 (2018: £9,128,616) and rental income of £28,130,309 (2018: £27,402,605). The Partnership has a profit after tax of £11,265,423 (2018: £8,098,480).

During the period the Partnership distributed £nil (2018: £nil).

The Partnership has net liabilities of £36,643,757 (2018: £41,282,624) at the period end and net current assets of £15,747,753 (2018: £15,868,108). Future rental income streams are guaranteed through an RPI linked swap to ensure that the Partnership can meet its financial obligations.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the General Partner is of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Partnership, is discussed on page 16 to 17 of the Tesco PLC Annual Report and Financial Statements 2019, which does not form a part of this Report.

Future developments

The Partnership's future developments form a part of the Tesco PLC Group's (the "Group") long term strategy, which is discussed on pages 14 and 15 of the Tesco PLC Annual Report and Financial Statements 2019, which do not form part of this Report. The Partnership's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

Principal risks and uncertainties

The Partnership's activities expose it to risks and uncertainties as summarised below. The Partnership's financial instruments comprise the Partnership loan and Retail Price Index (RPI) linked swap arrangements.

The principal risks and uncertainties are related to property investment into the retail stores and mixed use units. These risks include the exposure to fluctuations in the open market value of the investment properties. The property portfolio is managed to ensure its value is maximised.

From the perspective of the Partnership, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Tesco PLC Group, which include the Partnership, are discussed on pages 32 to 36 of the Tesco PLC Annual Report and Financial Statements 2019, which do not form part of this Report.

Business risk

Uncertainty around the UK's departure from the EU continues to grow as a result of the ongoing political deadlock. A failure to prepare for all eventualities, and any resulting disruption, could have an adverse impact on our primary business, financial results and operations. The PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking appropriate mitigation measures to address challenges as appropriate.

Financial risk management

The main risks associated with the Partnership's financial assets and liabilities are set out below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk posed by the Partnership's two customers, Tesco Stores Limited and Tesco Gateshead Property Limited is determined to be low, yet the Partnership monitors the credit risk of Tesco PLC (ultimate parent of Tesco Stores Limited and Tesco Gateshead Property Limited) to ensure their ability to discharge their obligations as lessee.

The Partnership's credit risk is also managed through the use of an RPI linked swap contract to fix its cash inflows so that it is able to meet its fixed rate interest and capital repayments along with its administrative costs.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting its obligations associated with its financial liabilities. The principal risks and uncertainties are related to property investment in the retail store and mixed use units; and the obligation to make repayments against the loans when due. These risks include the exposure to fluctuations in the fair market value and the occupancy of the investment properties.

The Partnership manages this using a managing agent, who manages its occupational leases and actively manages the receipt of arrears for the Partnership.

Cash flow risk

The Partnership's activities expose it primarily to the financial risks of changes in RPI-rates which could cause the Partnership difficulty in meeting its obligations if the level of RPI uplifts do not rise enough to enable the Partnership to meet its obligations under the loan agreement. See Note 13 for further information with regards to the risks identified. The Partnership uses RPI rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Approved by the General Partner on 20 August 2019 and signed on behalf of the General Partner by:

DocuSigned by:
Robert Welch
47E09118193A4A8...

Robert Welch
For and on behalf of the Tesco Services Limited
Director, Tesco Dorney (GP) Limited
Registered Number: 08255493
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

THE TESCO DORNEY LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

Tesco Dorney (GP) Limited (the "General Partner") presents its Report and the audited financial statements of The Tesco Dorney Limited Partnership (the "Partnership") for the 52 weeks ended 23 February 2019 (prior period: 52 weeks ended 24 February 2018 ("2018")). During the period, Tesco Dorney (GP) Limited acted as the General Partner and The Chancellor, Masters and Scholars of the University of Cambridge acting in its capacity as sole trustee of the Cambridge University Endowment Fund ("Cambridge University Endowment Fund") and Tesco Dorney (1LP) Limited acted as limited partners of the Partnership.

Tesco Dorney (GP) Limited is jointly owned by Tesco Property Holdings (No.2) Limited and Dorney (CUEF) Limited. Tesco Dorney (1LP) Limited is owned by Tesco Property Holdings Limited.

The Partnership was originally constituted under an Initial Partnership Agreement, which was then superseded by the amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") on 13 February 2013.

Results and distributions

This information is included in the Strategic Report on page 1.

Future developments

This information is included in the Strategic Report on page 1.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Limited Partnership will be able to continue principal business over a period of at least twelve months from the date of signing the financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its two customers Tesco Stores Limited and Tesco Gateshead Property Limited and its ability to discharge its obligations under the property portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited and Tesco Gateshead Property Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited and Tesco Gateshead Property Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership Loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into RPI linked derivative financial instruments to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected. The certainty of cash flows are guaranteed by Tesco PLC. Further, any shortfalls in cash inflow as a result or suppressed RPI rates are mitigated through a swap arrangements that ensures that the Partnership has sufficient liquidity to meet its obligations.

The General Partner has noted that although at the reporting date the Partnership is in a net liability position, as future rental income streams that are also RPI linked are expected to enable the Partnership to meet its future obligations, they consider that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Political donations

There were no political donations for the period (2018: £nil) and the Partnership did not incur any political expenditure (2018: £nil).

Research and development

The Partnership does not undertake any research and development activities (2018: none).

Financial risk management

This information is included in the Strategic Report on pages 2.

Employees

The Partnership had no employees during the period (2018: none)

Partners

The partners, including the General Partner are set out in Note 14 of the financial statements.

Disclosure of information to auditor

At the date of approval of this report, the General Partner confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the General Partner has taken all the steps that ought to have taken as a General Partner to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. The financial statements have been prepared in accordance with part 14 of the Limited Partnership Deed (2013) and part 15 of the Companies Act 2006 as required under the Regulations.

Cautionary statement regarding forward looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

General Partner's Responsibilities Statement

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Partnership to prepare financial statements for each financial period. Under that law the General Partner has prepared the Partnership financial statements in accordance with FRS 102 (the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland).

Limited Partnership Act 1907, as amended by the Companies Act 2006 as applied to qualifying Partnerships, the General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is 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, comprising FRS 102, 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 partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is required to act in the best interests of the Partnership and to perform its obligations under the Limited Partnership Agreement.

Independent auditor

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.

Approved by the General Partner 20 August 2019 and signed on behalf of the General Partner by:

DocuSigned by:
Robert Welch
47E09118193A4A8
Robert Welch
For and on behalf of the Tesco Services Limited
Director, Tesco Dorney (GP) Limited
Registered Number: 08255493
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TESCO DORNEY LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Tesco Dorney Limited Partnership (the 'qualifying partnership'):

- give a true and fair view of the state of the qualifying partnership's affairs as at 23 February 2019 and of its profit for the period 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 as applied to qualifying partnerships.

We have audited the financial statements of the qualifying partnership which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Partner's Interest;
- the Cash Flow Statement;
- the Reconciliation of Net Cash Flow to Movement in Net Debt; 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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's (Financial Reporting Council) 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 General Partner's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the General Partner have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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 General Partner is 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.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TESCO DORNEY LIMITED PARTNERSHIP (continued)

Other information (continued)
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.

We have nothing to report in respect of these matters.

General Partner's Responsibilities Statement
As explained more fully in the General Partner's responsibilities statement, the General Partner's is 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 General Partner's 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 General Partner's are responsible for assessing the qualifying partnership'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 General Partner's either intend to liquidate the qualifying partnership 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 Financial Reporting Council'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 General Partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the General Partner's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the General Partner's report.

Matters on which we are required to report by exception
Under the Companies Act 2006 as applied to qualifying partnerships 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 general partner's 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.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE TESCO DORNEY LIMITED PARTNERSHIP (continued)

Use of our report

This report is made solely to the qualifying partnership's general partner, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's general partner's 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 qualifying partnership and the qualifying partnership's general partner as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Letts FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St. Albans, United Kingdom
21 August 2019

THE TESCO DORNEY LIMITED PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Notes	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Rental income		**28,130,309**	27,402,605
Gain on revaluation of investment properties	8	**5,889,792**	3,138,838
Administrative expenses		**(605,455)**	(686,551)
Operating profit	4	**33,414,646**	29,854,892
Interest receivable and similar income	5	**3,730,439**	4,378,830
Interest payable and similar costs	6	**(25,879,662)**	(26,135,242)
Profit before tax		11,265,423	8,098,480
Tax on profit	7	**-**	-
Profit for the financial period		11,265,423	8,098,480

There are no material differences between the profit before tax and the profit for the financial period stated above and their historical cost equivalents.

All operations are continuing for the financial period.

The notes on pages 15 to 26 are integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Profit for the financial period	**11,265,423**	8,098,480
Other comprehensive income:		
Cash flow hedges		
(Losses)/Gains arising in the period	**(6,626,556)**	1,030,136
Total comprehensive income for the financial period	**4,638,867**	9,128,616

There are no material differences between the profit before tax and the profit for the financial period stated above and their historical cost equivalents.

All operations are continuing for the financial period.

The notes on pages 15 to 26 are integral part of these financial statements.

THE TESCO DORNEY LIMITED PARTNERSHIP

BALANCE SHEET AS AT 23 FEBRUARY 2019

	Notes	23 February 2019 £	24 February 2018 £
Fixed Asset			
Investment properties	8	**465,828,771**	459,797,947
		465,828,771	459,797,947
Current assets			
Debtors: amounts falling due within one year	10	**88,005**	211,788
Debtors: amounts falling due after more than one year	9	**21,131,228**	20,222,053
Cash at bank and in hand		**4,919,813**	5,522,324
		26,139,046	25,956,165
Current liabilities			
Creditors: amounts falling due within one year	11	**(10,391,293)**	(10,088,057)
Net current assets		**15,747,753**	15,868,108
Total assets less current liabilities		**481,576,524**	475,666,055
Creditors amounts falling due after more than one year	12	**(518,220,281)**	(516,948,679)
Net liabilities		**(36,643,757)**	(41,282,624)
Partners' interest			
Partners' capital accounts	14	**20,020**	20,020
Cash flow hedge reserve	14	**(50,701,050)**	(44,074,494)
Profit and loss account	14	**14,037,273**	2,771,850
Partners' interest		**(36,643,757)**	(41,282,624)

The notes on pages 15 to 26 are integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the General Partner and authorised for issue on 20 August 2019. They were signed on its behalf by:

DocuSigned by:
Robert Welch
47E09118193A4A8...
Robert Welch
For and on behalf of the Tesco Services Limited
Director, Tesco Dorney (GP) Limited
Registered Number: 08255493
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

THE TESCO DORNEY LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNER'S INTEREST FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Partners' capital accounts	Cash flow hedge reserve	Profit and loss account	Total
	£	£	£	£
Balance as at 25 February 2017	20,020	(45,104,630)	(5,326,630)	(50,411,240)
Profit for the financial period	-	-	8,098,480	8,098,480
Other comprehensive income for the period	-	1,030,136	-	1,030,136
Total comprehensive income for the period	-	1,030,136	8,098.480	9,128,616
Balance as at 24 February 2018	**20,020**	**(44,074,494)**	**2,771,850**	**(41,282,624)**
Profit for the financial period	-	-	11,265,423	11,265,423
Other comprehensive loss for the period	-	(6,626,556)	-	(6,626,556)
Total comprehensive income for the period	-	(6,626,556)	11,265,423	4,638,867
Balance as at 23 February 2019	**20,020**	**(50,701,050)**	**14,037,273**	**(36,643,757)**

The notes on pages 15 to 26 form an integral part of these financial statements.

THE TESCO DORNEY LIMITED PARTNERSHIP

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Notes	52 weeks ended 23 February 2019 £	52 weeks ended 24 February 2018 £
Net cash inflow from operating activities	15	**26,907,904**	25,244,900
Cash flow from investing activities			
Interest received		**3,811,063**	4,479,165
Capital expenditure		**(141,032)**	(302,314)
Cash flow from financing activities			
Interest paid		**(25,879,662)**	(26,135,242)
Loan repayments		**(5,300,784)**	(4,565,538)
Net decrease in cash and cash equivalents		**(602,511)**	(1,279,029)
Cash and cash equivalents at the beginning of the period		**5,522,324**	6,801,353
Cash and cash equivalents at the end of the period		**4,919,813**	5,522,324

The notes on pages 15 to 26 are an integral part of these financial statements.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019

	Notes	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
		£	£
Decrease in cash and cash equivalents	16	(602,511)	(1,279,029)
Decrease in net debt	16	5,300,784	4,565,538
Opening net debt	16	(473,147,411)	(476,433,920)
Closing net debt		(468,449,138)	(473,147,411)

1. Statement of compliance

The financial statements of the Partnership have been prepared in accordance with FRS 102 (the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland) and in accordance with the Companies Act 2006 as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (and as required by the amended and restated Limited Partnership Agreement).

2. General information

The Tesco Dorney Limited Partnership (the "Partnership") was established on 26 October 2012 and is registered as a Limited Partnership in England and Wales under the Limited Partnership Act 1907. The Partnership was originally constituted under the Initial Partnership Agreement which was then superseded by the Limited Partnership Agreement on 13 February 2013. The Partnership is limited by Partners' Capital.

The functional and presentational currency of the Partnership is Pound Sterling (£) because that is the currency of the primary economic environment in which the Partnership operates. The financials are rounded to the nearest Sterling Pound (£) except when otherwise stated.

The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Partnership's operations and its principal activities are set out in the Strategic Report on page 1.

3. Accounting policies

a) Basis of preparation

The financial statements of the Partnership are prepared on the going concern basis under the historical cost convention, as modified by revaluation of certain investment properties, recognition of certain financial assets and liabilities measured at fair value.

The Partnership elected to adopt the fair value model for holding its investment property, as permitted under Section 16 of FRS 102. The Partnership has included the fair value of its hedging instruments within the Balance Sheet and hedging reserve, per section 12 of FRS 102.

b) Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Limited Partnership will be able to continue principal business over a period of at least twelve months from the date of signing the financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its two customers Tesco Stores Limited and Tesco Gateshead Property Limited and its ability to discharge its obligations under the Property Portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited and Tesco Gateshead Property Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited and Tesco Gateshead Property Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership Loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into a derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected. The certainty of cash flows are guaranteed by Tesco Stores Limited. Further, any shortfalls in cash inflow as a result or suppressed RPI rates are mitigated through swap arrangements that ensures that the Partnership has sufficient liquidity to meet its obligations.

The General Partner has noted that although at the reporting date the Partnership is in a net liability position, as future rental income streams that are also RPI linked are expected to enable the Partnership to meet its future obligations, they consider that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

3. Accounting policies (continued)

c) Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The estimation of future RPI rates impact upon the valuation of the derivative instrument. Management has applied their own internal estimations of future RPI movements. This has been benchmarked against market-data for accuracy and is in line with the methodologies used by Tesco PLC in valuing their derivative instrument. A credit risk is also applied to the counterparty in estimating the valuation of the derivative instrument.

The leases on Tesco Stores are subject to annual uplifts which are linked to the Retail Price Index (RPI), subject to a minimum annual increase of nil and a maximum annual increase of 5%. Leases on non-Tesco Store mixed use units are payable at the rates initially set up in the lease agreement which shows incremental trend over the life of the lease.

For investment properties, determining the value requires an estimation of expected open-market rental income as well as an expected yield to calculate its fair value.

d) Significant accounting policies

Investment properties

The Partnership carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Partnership engaged independent valuation specialists to determine fair value at 23 February 2019.

The valuation is undertaken on an open market basis, deemed to be representative of fair value. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment properties are further explained in Note 8.

No amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated, is, in the opinion of the General Partner, necessary to show a true and fair view. The financial effect of this departure cannot be reasonably quantified, as amortisation or depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases and rental income

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The properties owned by the Partnership are being leased out under operating leases. Rental income is recognised in the Profit and Loss Account when earned, with rent received in advance being deferred on the Balance Sheet.

A number of the leases are subject to annual uplifts which are linked to the Retail Price Index (RPI), subject to a minimum annual increase of nil and a maximum annual increase of 5% thereafter.

100% of the rental income generated during the period was generated in the United Kingdom by letting out properties which are all located in the United Kingdom.

In accordance with Section 20 of FRS 102 'Accounting for Leases and Hire Purchase Contracts', the impact of guaranteed rental uplifts are taken to the Profit and Loss Account on a straight-line basis over the life of the lease. The straight lining is calculated on the basis of the minimum uplift.

The Partnership operates within one business segment being that of the leasing of its investment properties with business principally transacted in the United Kingdom (UK).

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of an instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets

Initial recognition and measurement

Financial assets within the scope of section 11 of FRS 102 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Partnership determines the classification of its financial assets at initial recognition. All financial assets are recognised on initial measurement at transaction price including directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Partnership commits to purchase or sell the asset. The Partnership's financial assets include cash, debtors and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the Profit and Loss Account. Losses arising from impairment are recognised in the Profit and Loss Account in other operating expenses. Cash, debtors and other receivables are carried as loans and receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of section 11 of FRS 102 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge at fair value, as appropriate. The Partnership determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at transaction value and in the case of loans and borrowings, plus directly attributable transaction costs. The principal financial liabilities include loan, other payable and derivative financial instrument.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Loans and borrowings are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the Profit and Loss Account. Losses arising from impairment are recognised in the Profit and Loss Account in other operating income. Loans are classified within loans and borrowings.

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

De-recognition of financial instruments

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled: (b) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset: or (c) the Partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Partnership uses derivative financial instruments to reduce exposure to RPI-rate movements. The Partnership does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in Profit and Loss account. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. In order to qualify for hedge accounting, the Partnership is required to document from inception the relationship between the item being hedged and the hedging instrument.

The Partnership is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each financial reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments with maturity dates of more than one year from the Balance Sheet date are disclosed as non-current.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Partnership's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction. The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in other comprehensive income.

The associated cumulative gain or loss is reclassified from other comprehensive income and recognised in the Profit and Loss account in the same period or periods during which the hedged transaction affects the Profit and Loss account. The classification of the effective portion when recognised in Profit and Loss account is the same as the classification of the hedged transaction. Any element of the re-measurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the Profit and Loss account within finance income or costs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or if a voluntary de-designation takes place or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in the Statement of Changes in Partner's Interest until the forecast transaction occurs or the original hedged item affects the Profit and Loss account.

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

Cash flow hedging (continued)

If a forecast hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Statement of Changes in Partner's Interest is reclassified to the Profit and Loss account.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Cash and net debt

Cash at bank and in hand in the Balance Sheet comprise cash at banks and in hand and net debt is comprised of loans advanced to the Partnership

Interest payable and receivable

Interest payable and receivable is calculated on an accrual basis.

Allocation of profits and drawings

The net profits of the Partnership incurred in each period are divided between the partners in the following proportions:

Tesco Dorney (1LP) Limited	49.95%
Cambridge University Endowment Fund	49.95%
Tesco Dorney (GP) Limited	0.10%

Any net losses of the Partnership in each period are borne by the partners in the same proportion that they share the balance of the net profits of the Partnership.

THE TESCO DORNEY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019(continued)

4. Operating profit

The General Partner received no emoluments for its services to the Partnership (2018: £nil).

The auditor's remuneration in respect of audit services in the period amounted to £25,625 (2018: £10,250).The non-audit fees for the period is £nil (2018: £nil).

The Partnership had no employees during the period (2018: none).

5. Interest receivable and similar income

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Income from derivative financial instruments	**3,710,225**	4,376,242
Interest receivable on bank deposits	**20,214**	2,588
	3,730,439	4,378,830

The income from derivative financial instruments is related to the RPI linked swap.

6. Interest payable and similar costs

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Interest payable on other loans	**25,879,662**	26,135,242
	25,879,662	26,135,242

The interest payable on other loans is related to the loan provided by Tesco Property Finance 6 PLC, which in turn holds a back-to-back arrangement with Tesco PLC. Tesco PLC holds a cash-flow hedge arrangement externally. All arrangements have been set up to manage the cash flow fluctuations generated from the cash inflows of the Partnership.

7. Tax on profit

The financial information does not incorporate any charge or liability for taxation on the results of the Partnership, as the relevant income tax or tax on capital gains is the responsibility of the individual partners.

8. Investment property

Land and buildings	**23 February 2019**	24 February 2018
	£	£
Valuation:		
Opening Balance	**459,797,947**	456,356,795
Addition at cost	**141,032**	302,314
Revaluation	**5,889,792**	3,138,838
Closing Balance	**465,828,771**	459,797,947

8. Investment property (continued)

The investment properties have been valued by Cushman & Wakefield LLP who is deemed to be a suitably qualified valuer of the General Partner on a fair value basis at 23 February 2019. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

This fair value has been determined by an independent valuer, by applying an appropriate rental yield to the rentals earned by the investment properties.

The property has been valued on the basis of market value which the valuer confirms to be fair value, as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. This has been subject to any existing leases of guarantees; otherwise assuming vacant possession.

The average yield across the portfolio is 5.76% (2018: 5.30%) with a rental income of £278.18 (2018: £268.92) per square metre of gross internal floor area.

There were no restrictions on the realisibility of investment property or the remittance of income and proceeds of disposal, nor were there any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

9. Debtors: amounts falling due after more than one year

	23 February 2019	24 February 2018
	£	£
FRS 102 Section 20 debtors – Straight-lining of future increments	**21,131,228**	20,222,053
	21,131,228	20,222,053

The FRS 102 Section 20 debtors relates to the rental income which is accounted for on a straight-line basis over the life of the lease.

10. Debtors: amounts falling due within one year

	23 February 2019	24 February 2018
	£	£
Amounts owed by associated entities (refer note 19)	**77,066**	77,066
Prepayments and accrued income	**1,702**	1,575
VAT	**9,237**	133,147
	88,005	211,788

Amounts owed by associated entities are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Creditors: amounts falling due within one year

	23 February 2019	24 February 2018
	£	£
Accruals	281,812	249,519
Deferred income	2,244,088	2,109,787
Tesco Property Finance 6 PLC	5,436,332	5,301,538
Tesco Stores Limited	625,923	624,075
Tesco Dorney (Nominee Holdco) Limited	1,000	1,000
Tesco Dorney (Nominee 1) Limited	1,000	1,000
Tesco Dorney (Nominee 2) Limited	1,000	1,000
Tesco Dorney (GP) Limited	77,782	77,782
Tesco Gateshead Property Limited	1,722,356	1,722,356
	10,391,293	10,088,057

Amounts owed to associated entities are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The loan from Tesco Property Finance 6 PLC incurs interest at a fixed rate of 5.4111% and is repayable in instalments. The loan is secured on the Partnership's investment properties (refer to note 8).

12. Creditors: amounts falling due after more than one year

	23 February 2019	24 February 2018
	£	£
Tesco Property Finance 6 PLC	467,932,619	473,368,197
RPI linked derivative instrument	50,287,662	43,580,482
	518,220,281	516,948,679

The loan from Tesco Property Finance 6 PLC incurs interest at a fixed rate of 5.4111% and is to be repaid by 10 July 2044. The loan is secured on the Partnership's investment properties.

The loan principal at the date of issue was £493,400,000 and the loan issue costs were £5,300,693. The total value of the loan, net of loan issue costs, as at 23 February 2019 is £473,368,951 (2018: £478,669,735).

The Partnership holds a back-to-back arrangement with Tesco PLC, which holds a RPI linked derivative arrangement externally.

13. Financial instruments

The Partnership holds a back-to-back arrangement with Tesco PLC, which holds a RPI-linked derivative arrangement externally. Both the swap and the loan are considered to be Level 2 financial liabilities under the fair value hierarchy, being that they are based on inputs other than quoted prices that are observable either directly or indirectly.

The main financial risk faced by the Partnership relates to fluctuations in RPI rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The management of these risks is outsourced as approved in the Limited Partnership Agreement, the outsourcing arrangements are monitored by the General Partner. The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the Retail Price Index (RPI) and this gives rise to inherent uncertainty as to their fair value.

13. Financial instruments (continued)

RPI rate risk

RPI rate risk arises from long term borrowings. Debt issued at fixed rates, yet cash inflows are subject to annual uplifts in RPI that may not cover the Partnership's cash outflows. This exposes the Partnership to fair value risk. The management of these risks is outsourced as approved in the partnership agreement.

During 2019 and 2018, net debt was managed using derivative instruments to hedge RPI rate risk as follows:

	23 February 2019			24 February 2018		
	Fixed	Floating	Total	Fixed	Floating	Total
	£	£	£	£	£	£
Cash and cash equivalents	-	4,919,813	4,919,813	-	5,522,324	5,522,324
Other receivables	21,219,233	-	21,219,233	20,433,841	-	20,433,841
Other borrowings	(473,368,951)	-	(473,368,951)	(478,669,735)	-	(478,669,735)
RPI linked derivative instrument	-	(50,287,662)	(50,287,662)	-	(43,580,482)	(43,580,482)
Other payable	(4,954,961)	-	(4,954,961)	(4,786,519)	-	(4,786,519)
	(457,104,679)	(45,367,849)	(502,472,528)	(463,022,413)	(38,058,158)	(501,080,571)

Credit risk

Credit risk arises from the cash and cash equivalents and other receivables. The management of these risks is outsourced as approved in the Limited Partnership Agreement.

The Partnership considers its maximum credit risk to be £ 528,611,574 (2018: £527,036,736), being the Partnership's total financial liabilities.

Liquidity risk

Liquidity risk is managed by short-term and long-term cash flow forecasts. The Partnership is not exposed to any foreign currency volatility.

Sensitivity analysis

The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the Retail Price Index (RPI) and this gives rise to inherent uncertainty as to their fair value.

As the RPI rates are hedged at a fixed rate, any increase or decrease will have nil impact. Sensitivity analysis is not shown as it has a nil impact.

13. Financial instruments (continued)

Capital risk

The Partnership's objectives when managing capital (defined as net debt partners' interests) are to safeguard the Partnership's ability to continue as a going concern in order to provide returns to Partners, while maintaining a strong credit rating and headroom through an appropriate balance of debt and equity funding. The Partnership manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objective of the Partnership.

Financial assets and liabilities by category

The accounting classifications of each class of financial asset and liability as at 23 February 2019 and 24 February 2018 are as follows:

	Loans and receivables/ other financial liabilities	Fair value through other comprehensive income	Total
	£	£	£
At 23 February 2019			
Cash and cash equivalents	**4,919,813**	-	**4,919,813**
Other receivables	**21,219,233**	-	**21,219,233**
Long-term borrowings	**(473,368,951)**	-	**(473,368,951)**
RPI linked derivative instruments	-	**(50,287,662)**	**(50,287,662)**
Other payables	**(4,954,961)**	-	**(4,954,961)**
	(452,184,866)	**(50,287,662)**	**(502,472,528)**
At 24 February 2018			
Cash and cash equivalents	5,522,324	-	5,522,324
Other receivables	20,433,841	-	20,433,841
Long-term borrowings	(478,669,735)	-	(478,669,735)
RPI linked derivative instruments	-	(43,580,482)	(43,580,482)
Other payables	(4,786,519)	-	(4,786,519)
	(457,500,089)	(43,580,482)	(501,080,571)

There is no netting off in relation to any of the above financial assets and liabilities.

14. Cumulative partners account

Partners Accounts as at 23 February 2019	Partners' capital accounts £	Cash flow hedge £	Profit and loss account £	Total £
Tesco Dorney (1LP) Limited	**10,000**	**(25,325,174)**	**7,011,618**	**(18,303,556)**
Cambridge University Endowment Fund	**10,000**	**(25,325,174)**	**7,011,618**	**(18,303,556)**
Tesco Dorney (GP) Limited	**20**	**(50,702)**	**14,037**	**(36,645)**
	20,020	**(50,701,050)**	**14,037,273**	**(36,643,757)**

14. Cumulative partners account (continued)

The Partnership was formed on 26 October 2012. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the Limited Partnership Deed on 13 February 2013, with capital injections totalling £20,020.

Tesco Dorney (1LP) Limited owns 49.95%, Cambridge University Endowment Fund owns 49.95% and Tesco Dorney (GP) Limited owns 0.10% of the Partnership.

15. Net cash inflows from operating activities

Reconciliation of operating profit to net cash flow from operating activities is shown below:

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
Operating profit	**33,414,646**	29,854,892
Adjustment for:		
Gain on revaluation of investment property	**(5,889,792)**	(3,138,838)
Working capital movements:		
Increase in debtors	**(785,392)**	(910,584)
Increase/ (Decrease) in creditors	**168,442**	(560,570)
Net cash inflow from operating activities	**26,907,904**	25,244,900

16. Analysis of changes in net debt

	25 February 2017	**Net cash flow**	**24 February 2018**
	£	**£**	**£**
Cash at bank and in hand	6,801,353	(1,279,029)	5,522,324
Debt due	(483,235,273)	4,565,538	(478,669,735)
	(476,433,920)	3,286,509	(473,147,411)

	24 February 2018	**Net cash flow**	**23 February 2019**
	£	**£**	**£**
Cash at bank and in hand	**5,522,324**	**(602,511)**	**4,919,813**
Debt due	**(478,669,735)**	**5,300,784**	**(473,368,951)**
	(473,147,411)	**4,698,273**	**(468,449,138)**

17. Receivables under operating lease

	23 February 2019	24 February 2018
	£	£
Total future minimum lease receivables under non-cancellable operating leases are as follows:		
Due within one year	**28,398,013**	27,125,835
After one year but not more than five years	**92,585,954**	107,725,829
After five years	**207,976,354**	172,121,323
	328,960,321	306,972,987

18. Ultimate parent undertaking and controlling party

The partners of the Partnership are Tesco Dorney (1LP) Limited, Cambridge University Endowment Fund and Tesco Dorney (GP) Limited.

The Partnership's ultimate parent undertakings are Tesco PLC and Cambridge University Endowment Fund. Tesco PLC is registered in England and Wales (copies of the Tesco PLC Annual Report and financial statements are available from the Company Secretary at the registered office: Company Secretary, Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom). Cambridge University Endowment Fund is an exempt charity whose address for correspondence is The Old Schools, Trinity Lane Cambridge, CBZ 1TN,United Kingdom.

19. Related party transactions and balances

During the 52 week's period ended 23 February 2019 the Partnership entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 23 February 2019, are as follows:

Entity	Relationship	Transaction and balances
Tesco Stores Limited	Subsidiary of parent undertaking	The Partnership recognised rental income of £20,519,648 (2018: £20,381,636) Tesco Stores Limited owes the Partnership at the end of the period £77,066 (2018: £77,066). The Partnership owed Tesco Stores Limited at the end of the period £625,923 (2018: £624,075).
Spen Hill Management Limited	Subsidiary of parent undertaking	Amount payable at the end of the period £nil (2018: £nil). Recognised expenses of £313,199 (2018: £422,953) in the period for property management services.
Tesco Dorney (GP) Limited	General Partner	Amount payable at period end £77,782 (2018: £77,782)
Tesco Dorney (Nominee Holdco) Limited	Subsidiary of parent undertaking	The Partnership owed Tesco Dorney (Nominee Holdco) Limited at period end £1,000 (2018: £1,000)
Tesco Dorney (Nominee 1) Limited	Subsidiary of parent undertaking	The Partnership owed Tesco Dorney (Nominee 1) Limited at period end £1,000 (2018: £1,000)
Tesco Dorney (Nominee 2) Limited	Subsidiary of parent undertaking	The Partnership owed Tesco Dorney (Nominee 2) Limited at period end £1,000 (2018: £1,000)
Tesco Gateshead Property Limited	Subsidiary of parent undertaking	The Partnership recognised rental income of £7,610,661 (2018: £7,945,598) The Partnership owed Tesco Gateshead Property Limited at period end £1,722,356 (2018: £1,722,356)

Reference to balances outstanding at the period end are disclosed in Notes 10 and 11.