

TESCO FFC LIMITED
(PREVIOUSLY FRED'S FOOD CONSTRUCTION LIMITED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018
REGISTERED NUMBER: 08859202

TUESDAY



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TESCO FFC LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

The Director present their Annual Report and the financial statements of the Tesco FFC Limited ("the Company") for the year ended 28 February 2018 (prior period: year ended 28 February 2017 ("2017")).

Business review and principal activity

The Company ceased to trade in one of the previous financial periods and as a result of this, the Company will no longer trade in the future. The Company was bought by Tesco Stores Limited in September 2016.

The Company changed its name from Fred's Food Construction Limited to Tesco FFC Limited on the 10 October 2016.

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

Results and dividends

The results for the period show a loss before tax of £1,430 (2017: profit before tax of £1,529,376) and loss after tax of £1,430 (2017: profit after tax of £1,223,460). The income in the previous year largely arose through the agreement of Tesco Stores Limited on 19th September 2016 to waive the loans and liabilities due from the Company.

The Director do not recommend a payment of a dividend for the year ended 28 February 2018 (2017: £nil).

The Company has net assets of £3,023 at the period end (2017: net liabilities of £305,547). A capital contribution was made by Tesco Stores Limited on 30 August 2017 of £310,000 in order to provide funding to clear the remaining liabilities.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 22 to 25 of the Tesco PLC Annual Report and Financial Statements 2018, which do not form a part of this report.

Financial risk management

The main risks associated with the Company'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 amounts owed by Group undertaking, is determined to be low, yet the Company monitors the credit risk of Group to ensure their ability to discharge their obligations.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with its financial liabilities. The principal risks and uncertainties are related to the obligation to make repayments against the creditors when due. Considering the amount of capital contribution received from Tesco Stores Limited, this risk is assessed to be low.

TESCO FFC LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

Going concern

This Company will no longer trade in the future and therefore the financial statements have been prepared on a basis other than going concern. The Director is considering winding up this company in the future.

The Company's parent, Tesco Stores Limited has made a capital contribution on 30 August 2017 of £310,000 in order to allow the Company to meet its remaining liabilities.

No material adjustments arose as a result of ceasing to apply the going concern basis of accounting.

Future developments

The Company has ceased to trade and does not expect to generate any revenue in the financial year. The Director is considering winding up this company in the future.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Director 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.

Research and development

The Company does not undertake any research and development activities (2017: none).

Political donations

There were no political donations for the period (2017: £nil) and the Company did not incur any political expenditure (2017: £nil).

Employees

The Company had no employees during the period (2017: none).

Strategic report

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

Director and their interests

The following Director served during the period and up to the date of signing the financial statements:

S Fitzgerald

The Director does not have any disclosable interests in the Company during this period.

Tesco PLC maintained a Director and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

TESCO FFC LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

Director's Responsibilities Statement

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the Company to prepare financial statements for each financial period. Under that law the Director have prepared the Company financial statements in accordance with FRS 102 (the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland). Under the Companies Act 2006, the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the board and signed on its behalf by: 20 August 2018



S Fitzgerald, Director
Tesco FFC Limited

Registered Number: 08859202

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

TESCO FFC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2018

		Year ended 28 February 2018	Year ended 28 February 2017
	Notes	£	£
Other income		-	1,529,581
Administrative expenses		(1,430)	(205)
Operating profit/(loss)	4	(1,430)	1,529,376
(Loss)/profit before taxation		(1,430)	1,529,376
Tax charge	6	-	(305,916)
(Loss)/profit for the financial period		(1,430)	1,223,460

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

There are no material differences between the loss before taxation and the loss for the period stated above and their historical cost equivalents.

All operations are discontinuing for the financial period.

The notes on pages 7 to 11 are an integral part of these financial statements.

TESCO FFC LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2018

		28 February 2018	28 February 2017
	Notes	£	£
Current assets			
Debtors : amount fallings due within one year	7	3,984	-
Cash at bank and in hand		369	369
		<u>4,353</u>	<u>369</u>
Creditors : amounts fallings due within one year	8	(1,330)	(305,916)
Net current assets/(liabilities)		<u>3,023</u>	<u>(305,547)</u>
Total assets less current liabilities		<u>3,023</u>	<u>(305,547)</u>
Net assets/(liabilities)		<u>3,023</u>	<u>(305,547)</u>
Capital and reserves			
Called up share capital	9	60,000	60,000
Capital reserve		310,000	-
Profit and loss account		(366,977)	(365,547)
Total shareholders' funds		<u>3,023</u>	<u>(305,547)</u>

The notes on pages 7 to 11 are an integral part of these financial statements.

For the year ended 28 February 2018, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the 'Act') relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 11 were approved by the Board of Director and authorised for issue on 20 August 2018. They were signed on its behalf by:

S Fitzgerald, Director
Tesco FFC Limited

Registered Number: 08859202

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

TESCO FFC LIMITED

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
28 FEBRUARY 2018**

	Called up share capital*	Capital reserve	Profit and loss account	Total
	£	£	£	£
Balance as at 28 February 2016	60,000	-	(1,589,007)	(1,529,007)
Profit for the financial period	-	-	1,223,460	1,223,460
Balance as at 28 February 2017	60,000	-	(365,547)	(305,547)
Capital contribution from owner	-	310,000	-	310,000
Loss for the financial period	-	-	(1,430)	(1,430)
Balance as at 28 February 2018	60,000	310,000	(366,977)	3,023

*Refer Note 9 for break-up of share capital.

The notes on pages 7 to 11 are an integral part of these financial statements.

TESCO FFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

1. Statement of compliance

The financial statements of the Tesco FFC Limited (the 'Company') 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 Company is a private company incorporated in England and Wales under the Companies Act 2006 and limited by shares.

The financial statements of the Company for the year period ended 28 February 2018 were approved by the Board of Director on August 2018 and the Balance Sheet was signed on the Board's behalf by the sole Director, S Fitzgerald.

The address of the registered office is Tesco House Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

The functional currency of Tesco FFC Limited is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

3. Accounting policies

a) Basis of preparation

The Company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 section 7 "Statement of Cash Flows".

Transactions with fellow wholly owned subsidiaries are not disclosed as the Company has taken advantage of the exemption under FRS 102 section 33.1A.

The Company has taken advantage from the financial instrument disclosures, required under FRS 102 paragraph 11 and 12, as the information is provided in the consolidated financial statement disclosures.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

b) Going concern

This Company will no longer trade in the future and therefore the financial statements have been prepared on a basis other than going concern. The director is considering winding up this company in the future. The financial statements have therefore been prepared on the basis other than going concern.

The Company's parent, Tesco Stores Limited has made a capital contribution on 30 August 2017 of £310,000 in order to allow the Company to meet its remaining liabilities.

No material adjustments arose as a result of ceasing to apply the going concern basis of accounting.

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

TESCO FFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

3. Accounting policies (continued)

d) Significant accounting policies

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.

Income taxes

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.

Group relief on taxation

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

Deferred taxation

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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. Deferred tax is charged or credited to the Profit and Loss account, except when it relates to items charged or credited directly in equity or other comprehensive income, in which case deferred tax is also recognised in equity or other comprehensive income, respectively.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

TESCO FFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

3. Accounting policies (continued)

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.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of Paragraph 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 Company 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 Company commits to purchase or sell the asset. The Company's financial assets include cash, trade 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 income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Loans and receivables include amounts owed by Group undertakings.

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Company, despite having retained some, 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.

4. Results before taxation

The Director received no emoluments for their services to the Company (2017: £nil).

The Company had no employees during the period (2017: none).

5. Auditor's remuneration

The auditor's remuneration of £nil (2017: £7,000) was borne by the Tesco Stores Limited.

TESCO FFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

6. Tax on profit/(loss)

(a) Factors that have affected the tax charge

The standard rate of corporation tax in the UK was 20% from 1 April 2015, and was changed from 20% to 19% from 1 April 2017.

This gives an overall blended corporation tax rate for the Company for the full year of 19.09%.

(b) Tax charged in the Profit and Loss Account

	Year ended 28 February 2018 £	Year ended 28 February 2017 £
Current income tax:		
UK corporation tax on profit for financial period	-	(305,916)
Total current income tax (charge)/credit	-	(305,916)

(c) Reconciliation of the tax charge/(credit)

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

	Year ended 28 February 2018 £	Year ended 28 February 2017 £
Profit/(loss) before tax	(1,530)	1,529,376
Tax on profit at standard tax rate of 19.09% (2017: 20.00%)	292	(305,875)
Effects of:		
Expenses not deductible	(19)	(41)
Adjustments from previous periods	-	-
Group relief (claimed)/surrendered without payment	(273)	-
Total income tax charge reported in the Profit and Loss Account	-	(305,916)

(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 consolidated financial statements. Temporary differences have been re-measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

TESCO FFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018 (continued)

7. Debtors: amounts falling due within one year

	28 February 2018	28 February 2017
	£	£
Amounts owed by Group undertakings	3,984	-
	<u>3,984</u>	<u>-</u>

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

8. Creditors: amounts falling due within one year

	28 February 2018	28 February 2017
	£	£
Corporation tax payable	-	305,916
Interest payable on corporation tax	1,330	-
	<u>1,330</u>	<u>305,916</u>

9. Called up share capital

	28 February 2018	28 February 2017
	£	£
Allotted, called up and fully paid		
6,000,000 Ordinary shares of £0.01 each (2017: 6,000,000 Ordinary shares of £0.01 each)	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

10. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Tesco Stores Limited which acquired full control of the Company on 20 September 2016. The Company changed its name to Tesco FFC Limited on 10 October 2016.

The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales. Copies of the Tesco PLC financial statements can be obtained The Company Secretary at its registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

11. Related party transactions

Tesco Stores Limited has made a capital contribution on 30 August 2017 of £310,000 (2017: £nil), paid tax and penalty on behalf of the Company amounting to £306,016 (2017: £nil). The amount receivable from Tesco Stores Limited as at the year end was £3,984 (2017: £nil)