

TESCO AQUA (3LP) LIMITED  
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019  
Registered Number: 09947521



## **TESCO AQUA (3LP) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019**

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The Directors present their Report and the unaudited financial statements of Tesco Aqua (3LP) Limited (the "Company") 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 Company is to act as an investment Company for Tesco PLC into The Tesco Aqua Limited Partnership and related entities. 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.

#### **Results and dividends**

The results for the 52 weeks ended 23 February 2019 show a result before tax of £nil (2018: £nil) and result after tax of £nil (2018: loss after tax of £50,638).

The Company has net assets of £303,500 at the period end (2018: £303,500).

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

#### **Future developments**

The Company'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 a part of this Report. The Company'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**

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

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the 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.

#### **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 Group, which includes the 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**

The Directors consider that the Company has adequate resources to remain in operation for a period of at least twelve months from the date of signing these financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

#### **Events after the balance sheet date**

Details of events after the reporting period can be found in Note 10 to the financial statements.

#### **Political donations**

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

## **TESCO AQUA (3LP) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019 (continued)**

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#### **Research and development**

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

#### **Strategic report**

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

#### **Employees**

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

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

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

J Gibney  
L J Heywood  
Tesco Services Limited

None of the Directors had any disclosable interests in the Company during this 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 Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors and Officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements

#### **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 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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

## **TESCO AQUA (3LP) LIMITED**

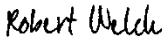
### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019 (continued)**

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#### **Directors' Responsibilities Statement (continued)**

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

Approved by the Board on 29 August 2019, and signed on behalf of the Board by:

DocuSigned by  
  
47E09118193A4A8  
Robert Welch

For and on behalf of Tesco Services Limited, Director

Tesco Aqua (3LP) Limited

Registered number: 09947521

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

## TESCO AQUA (3LP) LIMITED

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

		<b>52 weeks ended 23 February 2019</b>	<b>52 weeks ended 24 February 2018</b>
	Notes	£	£
<b>Operating result</b>	4	-	-
<b>Result before tax</b>		-	-
Tax credit/(charge) on result	5	-	(50,638)
<b>Result/(loss) for the financial period</b>		-	(50,638)

There are no material differences between the result before tax and the result/(loss) for the financial 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 is equal to profit for the periods presented.

The notes on pages 7 to 11 form an integral part of the financial statement.

**TESCO AQUA (3LP) LIMITED****BALANCE SHEET AS AT 23 FEBRUARY 2019**

		<b>23 February 2019</b>	<b>24 February 2018</b>
	Notes	£	£
<b>Fixed assets</b>			
Investments	6	<b>303,500</b>	303,500
		<b>303,500</b>	303,500
<b>Total assets less current liabilities</b>		<b>303,500</b>	303,500
<b>Net assets</b>		<b>303,500</b>	303,500
<b>Capital and reserves</b>			
Called up share capital	7	<b>2,000</b>	2,000
Share premium		<b>301,500</b>	301,500
Profit and loss account		-	-
<b>Total shareholders' funds</b>		<b>303,500</b>	303,500

The notes on pages 7 to 11 form an integral part of the financial statements.

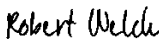
For the 52 weeks ended 23 February 2019, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

Each Director who is the Director of the Company at the date of approval of these financial statements confirms

- the members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- 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 and authorised for issue on 29 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:  
  
 47E09118193A4A8

Robert Welch

For and on behalf of Tesco Services Limited, Director

Tesco Aqua (3LP) Limited

Registered number: 09947521

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

## TESCO AQUA (3LP) LIMITED

### 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	2,000	301,500	50,638	354,138
Loss and total comprehensive loss for the financial period	-	-	(50,638)	(50,638)
Balance as at 24 February 2018	2,000	301,500	-	303,500
Result for the financial period	-	-	-	-
<b>Balance as at 23 February 2019</b>	<b>2,000</b>	<b>301,500</b>	<b>-</b>	<b>303,500</b>

The notes on pages 7 to 11 form an integral part of the financial statements.

\*Refer Note 7 for a breakdown of the Called up share capital.

## **TESCO AQUA (3LP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019**

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#### **1. Statement of compliance**

The financial statements of Tesco Aqua (3LP) 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, 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 Company's operations and its principal activities are set out in the Directors' Report on page 1. Details of the Company's associated undertakings are set out in Note 6.

The financial statements of the Company for the 52 weeks ended 23 February 2019 were approved by the Board of Directors on 29 August 2019 and the Balance Sheet was signed on the Board's behalf by Robert Welch

The functional and presentational currency of the Company is 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. The Company is a qualifying entity for the purposes of FRS 102. 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".

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

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 adopted by the Company are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

##### **b) Going concern**

The Directors consider that the Company has adequate resources to remain in operation for a period of at least twelve months from the date of signing these financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.



## TESCO AQUA (3LP) LIMITED

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

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#### 3. Accounting policies (continued)

##### c) Critical accounting judgements and key sources of estimation uncertainty

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

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.

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

##### d) Significant accounting policies

###### Fixed asset investments

Fixed assets 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 Company elected to adopt the cost model for holding its fixed assets as permitted under section 9 of FRS 102.

###### Impairment of fixed assets

At each Balance Sheet date, the Company reviews the carrying amounts of the fixed asset investments to determine whether there is any need for impairment in accordance with Section 25 of FRS 102, "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

###### Income taxes

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

###### Group relief on taxation

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

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 asset 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.

**TESCO AQUA (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2019 (continued)****3. Accounting policies (continued)****d) Significant accounting policies (continued)***Deferred tax (continued)*

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 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.

*Current and deferred tax for the period*

Current and deferred tax are recognised in the profit or loss, 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 recognised in other comprehensive income or directly in equity respectively.

**4. Operating result**

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

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

**5. Tax credit/(charge) on result****(a) Factors that have affected the tax credit/(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 Company for the full period of 19% (2018: 19.09%).

**(b) Tax credit/(charge) in the Profit and Loss Account**

The analysis of the credit/ (charge) for the year is as follows:

	52 weeks ended 23 February 2019	52 weeks ended 24 February 2018
	£	£
<b>Current income tax:</b>		
- UK Corporation tax on profit for the financial period	-	-
<b>Total current income tax (charge)/credit</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	(50,638)
<b>Total deferred tax credit/(charge)</b>	-	(50,638)
<b>Tax credit/(charge) in the Profit and Loss Account</b>	-	(50,638)

**TESCO AQUA (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
23 FEBRUARY 2019 (continued)****5. Tax credit/(charge) on result (continued)****(c) Reconciliation of the tax credit/(charge)**

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

	<b>52 weeks ended 23 February 2019</b>	<b>52 weeks ended 24 February 2018</b>
	<b>£</b>	<b>£</b>
<b>Result before tax</b>	-	-
Tax credit/(charge) at standard UK corporation tax rate of 19% (2018: 19.09%)	-	-
Effects of:		
Non-qualifying depreciation	<b>675,893</b>	(687,620)
Group relief claimed without payment	<b>(2,427,178)</b>	938,809
Adjustments from prior periods	-	(50,638)
Taxable share of partnership profit	<b>1,751,285</b>	(251,189)
<b>Overall tax credit/(charge)</b>	<b>-</b>	<b>(50,638)</b>

**(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 re measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

**6. Investments**

	<b>£</b>
<b>Cost</b>	
As 24 February 2018	303,500
<b>As 23 February 2019</b>	<b>303,500</b>
<b>Net book value</b>	
As 24 February 2018	303,500
<b>As 23 February 2019</b>	<b>303,500</b>

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

**TESCO AQUA (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
23 FEBRUARY 2019 (continued)****6. Investments (continued)**

In accordance with the Companies Act 2006 information on the Company's associated undertakings are set out below

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

Associated undertakings	Registered address	Type of entity	% interest held	Nature of business
The Tesco Aqua Limited Partnership (Direct holding)	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Limited Partnership	49.9%	Property investment

**7. Called up share capital**

	23 February 2019 £	24 February 2018 £
Allotted, called up and fully paid		
2,000 (2018: 2,000) 'Ordinary shares' of £1 each	2,000	2,000
	<b>2,000</b>	<b>2,000</b>

The 2,000 shares were issued at a premium of £150.75 per share, resulting in total share premium of £ 301,500.

**8. Ultimate parent undertaking and controlling party**

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

The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is registered in England and Wales. Tesco PLC is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC Annual Report and Financial Statements 2019 are available from the Company Secretary at its registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

**9. Related party transactions**

The Company has taken advantage of the exemption under section 33.1A of FRS 102 not to disclose transaction with fellow wholly owned subsidiaries.

**10. Events after balance sheet date**

There have been no material events since the balance sheet date which require disclosure.