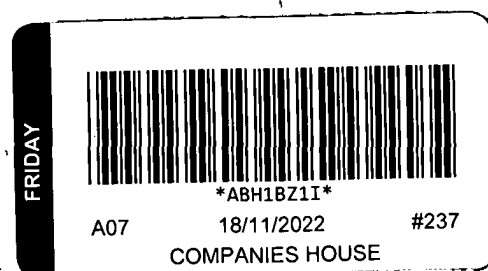


TESCO BLUE (3LP) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022  
REGISTERED NUMBER: 10127682



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

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022**

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The Directors present their Report and the audited financial statements of Tesco Blue (3LP) Limited (the "Company") for the 52 weeks ended 26 February 2022 (prior period: 52 weeks ended 27 February 2021 ("2021")).

#### **Business review and principal activity**

The principal activity of the Company is to act as a holding company for Tesco PLC's investment in The Tesco Blue Limited Partnership ('the 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.

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

#### **Results and dividends**

The results for the 52 weeks ended 26 February 2022 show a result before tax of £nil (2021: £nil) and profit after tax of £3,115,071 (2021: £1,336,674).

The Company has net assets of £35,065,362 at the period end (2021: £31,950,291) and net current assets of £9,336,362 at the period end (2021: £6,221,291).

The Directors do not recommend the payment of a dividend for the 52 weeks ended 26 February 2022 (2021: £nil).

#### **Future developments**

The Company's future developments form a part of the Tesco PLC Group's (the "Group") long-term strategies, which are discussed on pages 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2022, 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**

The principal activity of the Company is to act as a holding company and therefore its principal risks relate to the carrying value of investments that the 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 Group, the principal risks and uncertainties of the Company 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 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2022, which do not form a part of this Report.

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

#### **Business risk**

The Company's principal business relationships are with Tesco PLC Group companies which, by nature of their business, have continued to operate as essential businesses during the pandemic. This has served to mitigate some of the risk the Company is exposed to. At present, there is an increased level of macroeconomic uncertainty, which is beginning to show initial signs of impact on operational costs. This uncertainty has been exacerbated by the war in Ukraine. The Group is actively monitoring the situation and contingency measures are in place to manage these risks across the Group. As such, management believe that the short-term risks and impacts are understood and appropriate controls are in place. However, the long-term impacts remain uncertain and will continue to be monitored closely. The Group will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address local challenges as appropriate.

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

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022 (continued)**

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#### **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 12 months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

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 reporting period**

Details of events after the reporting period can be found in Note 13 to the financial statements.

#### **Political donations**

There were no political donations for the period (2021: £nil) and the Company did not incur any political expenditure (2021: £nil).

#### **Research and development**

The Company does not undertake any research and development activities (2021: £nil).

#### **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 a Strategic Report.

#### **Employees**

The Company had no employees during the period (2021: none).

#### **Directors**

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

Simon Richard Williams (appointed on 25 February 2022)  
D Anniss (resigned on 26 March 2021)  
D Wheeler (appointed on 22 April 2021)  
J Gibney (resigned on 25 February 2022)  
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.

#### **Disclosure of information to auditor**

Each Director who is a Director of the 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 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 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.

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

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022 (continued)**

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#### **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 Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the Directors 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" 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.

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

#### **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.

Approval by the Board of Directors on 19 August 2022 and signed on behalf of the Board by:



Robert Welch, for and on behalf of Tesco Services Limited  
Director  
Tesco Blue (3LP) Limited  
Registered Number: 10127682  
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (3LP) LIMITED**

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### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of The Tesco Blue (3LP) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 26 February 2022 and of its profit for the 52 weeks 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 which comprise:

- the Profit and Loss account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (3LP) LIMITED (continued)**

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### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (3LP) LIMITED (continued)**

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### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

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

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

### **Report on other legal and regulatory requirements**

#### **Opinion 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 Company and its 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**

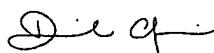
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.
- 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Griffin FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
19 August 2022

**TESCO BLUE (3LP) LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022**

	Notes	52 weeks ended 26 February 2022	52 weeks ended 27 February 2021
		£	£
Operating result	4	-	-
<b>Result before taxation</b>		-	-
Tax credit on result	6	3,115,071	1,336,674
<b>Profit for the financial period</b>		<b>3,115,071</b>	<b>1,336,674</b>

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

All operations are continuing for the current and prior financial period.

The notes on pages 10 to 15 form an integral part of these financial statements.

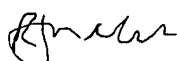


**TESCO BLUE (3LP) LIMITED****BALANCE SHEET AS AT 26 FEBRUARY 2022**

	Notes	26 February 2022 £	27 February 2021 £
<b>Fixed assets</b>			
Investments	8	25,729,000	25,729,000
		<u>25,729,000</u>	<u>25,729,000</u>
<b>Current assets</b>			
Deferred tax assets	7	9,336,361	6,221,290
Debtors: amounts falling due within one year		1	1
<b>Net current assets</b>		<u>9,336,362</u>	<u>6,221,291</u>
<b>Total assets less current liabilities</b>		<u>35,065,362</u>	<u>31,950,291</u>
<b>Net assets</b>		<u>35,065,362</u>	<u>31,950,291</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,001	1,001
Share premium	10	25,728,000	25,728,000
Profit and loss account	10	9,336,361	6,221,290
<b>Total shareholders' funds</b>		<u>35,065,362</u>	<u>31,950,291</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board and authorised for issue on 19 August 2022. They were signed on its behalf by:



Robert Welch, for and on behalf of Tesco Services Limited  
Director

Tesco Blue (3LP) Limited

Registered Number: 10127682

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

**TESCO BLUE (3LP) LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED  
26 FEBRUARY 2022**

	Called up share capital*	Share premium	Profit and loss account	Total
	£	£	£	£
<b>Balance as at 29 February 2020</b>	1,001	25,728,000	4,884,616	30,613,617
Profit and total comprehensive income for the financial period	-	-	1,336,674	1,336,674
<b>Balance as at 27 February 2021</b>	1,001	25,728,000	6,221,290	31,950,291
Profit and total comprehensive income for the financial period	-	-	3,115,071	3,115,071
<b>Balance as at 26 February 2022</b>	1,001	25,728,000	9,336,361	35,065,362

\*See Note 9 for breakdown of Called up share capital.

The notes on pages 10 to 15 form an integral part of these financial statements.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022**

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

The financial statements of Tesco Blue (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 incorporated and domiciled in the United Kingdom and registered 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.

The financial statements of the Company for the 52 weeks period ended 26 February 2022 were approved by the Board of Directors on 19 August 2022 and the Balance Sheet was signed by Robert Welch, for and on behalf of Tesco Services Limited. The financial statements are prepared under the historical cost convention.

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, and financial statements are also presented in Pound Sterling (£).

#### **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 Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Tesco PLC. The results of the Company are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

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 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.

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**

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 12 months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

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 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.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022 (continued)**

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#### **3. Accounting policies (continued)**

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

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 judgements and estimates that have a significant effect on amounts recognised in the financial statements.

##### **d) Significant accounting policies**

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

###### **Impairment of investments**

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 27 of FRS 102, "Impairment of Assets". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

###### **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 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 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.

**TESCO BLUE (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
26 FEBRUARY 2022 (continued)****3. Accounting policies (continued)****d) Significant accounting policies (continued)***Deferred tax (continued)*

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 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.

**4. Operating result**

The Directors received no emoluments for their services to the Company (2021: £nil).

The Company had no employees during the period (2021: none).

**5. Auditor's remuneration**

The Auditor's remuneration of £4,000 (2021: £4,000) was borne by the Tesco PLC and not recharged to the Company. The non-audit fees for the period is £nil (2021: £nil).

**6. Tax credit on result****(a) Factors that have affected the tax credit:**

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2021: 19%).

The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. As the change to the main UK corporation tax rate was substantively enacted by the balance sheet date the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

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

The analysis of the credit for the period is as follows:

	52 weeks ended 26 February 2022 £	52 weeks ended 27 February 2021 £
Current income tax:		
- UK Corporation tax on profit for the financial period	-	-
Total current income tax (charge)/credit	-	-
Deferred tax:		
- Origination and reversal of timing differences	874,345	762,013
- Impact of rate change adjustment	2,240,726	574,661
Total deferred tax credit	3,115,071	1,336,674
<b>Total tax credit in the Profit and Loss Account for the period</b>	<b>3,115,071</b>	<b>1,336,674</b>

**TESCO BLUE (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
26 FEBRUARY 2022 (continued)****6. Tax credit on result (continued)****(c) Reconciliation of the tax credit**

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

	52 weeks ended 26 February 2022	52 weeks ended 27 February 2021
	£	£
Result before tax	-	-
Tax (charge)/credit at standard UK corporation tax rate of 19% (2021: 19%)	-	-
Effects of:		
- Expenses not deductible for tax purposes	(14,043)	(14,046)
- Allowable share of commutation payment	103,532	103,533
- Group relief claimed without payment	784,856	672,527
- Impact of rate change adjustment	2,240,726	574,660
Total tax credit	3,115,071	1,336,674

**7. Deferred tax asset**

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior financial periods 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:

	Accelerated capital allowances	Short-term timing difference	Transitional adjustments	Total
	£	£	£	£
At 29 February 2020	(842,319)	5,822,619	(95,684)	4,884,616
Origination and reversal of temporary differences				
- In respect of the current period	(15,666)	756,291	21,388	762,013
Change in tax rate	(99,096)	685,014	(11,257)	574,661
At 27 February 2021	(957,081)	7,263,924	(85,553)	6,221,290
Origination and reversal of temporary differences				
- In respect of the current period	(13,300)	866,256	21,389	874,345
Change in tax rate	(306,434)	2,567,424	(20,264)	2,240,726
At 26 February 2022	(1,276,815)	10,697,604	(84,428)	9,336,361

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where assets and liabilities relate to income taxes levied by the same taxation authority.

**TESCO BLUE (3LP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
26 FEBRUARY 2022 (continued)****8. Investments**

	Shares in Group undertakings £
<b>Cost:</b>	
At 27 February 2021	25,729,000
<b>At 26 February 2022</b>	<b>25,729,000</b>
<b>Net book value:</b>	
At 27 February 2021	25,729,000
<b>At 26 February 2022</b>	<b>25,729,000</b>

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

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

Details of the associates at the period end are as follows:

Name of Entity	Registered office address	Share Class	% shares held	Direct/ indirect holding
The Tesco Blue Limited Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	Capital contribution	49.95%	Direct

**9. Called up share capital**

	26 February 2022 £	27 February 2021 £
Allotted, called up and fully paid		
1,001 Ordinary shares of £1 each (2021: 1,001 Ordinary shares of £1 each)	1,001	1,001
	<b>1,001</b>	<b>1,001</b>

On 15 April 2016 when the Company was incorporated, 1,001 Ordinary Shares of £1 each were issued to Tesco Property Holding Limited. Out of these 1,000 shares were issued at a premium of £25,728 per share, resulting in total share premium of £25,728,000.

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**10. Reserves**

The Company's reserves are as follow:

- Profit and Loss Account comprises of prior and current year's undistributed earnings after tax.
- Share premium account includes the premium on issues of equity shares, net of any issue costs.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022 (continued)**

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#### **11. Ultimate parent undertaking**

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

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The results of the Company are only included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group to consolidate these financial statements.

Copies of the Tesco PLC Annual Report and financial statements 2022 are available with the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

#### **12. Related party transactions**

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

#### **13. Events after the reporting period**

There are no material events since the Balance Sheet date which require disclosure.