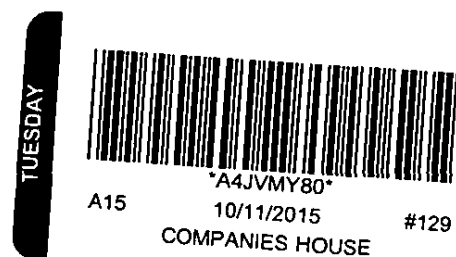


TESCO CAPITAL NO. 1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 28 February 2015

Registered Number: FC015640

138321/40



TESCO CAPITAL NO. 1 LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

The Directors present their Report and the financial statements of Tesco Capital No 1 Limited (the "Company") for the 53 weeks ended 28 February 2015 (prior 52 weeks ended 22 February 2014)

Business review and principal activities

The principal activity of the Company is to act as a financial intermediary for Tesco PLC Group 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 period show a pre-tax loss of £4,242 (2014 4,393k)

The Directors do not recommend payment of an ordinary dividend for the 53 weeks ended 28 February 2015 (2014 £nil)

Principal risks and uncertainties

The main risk faced by the company is financial risks related to fluctuations in interest rate.

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 Group Annual Report for the 53 weeks ending 28 February 2015 which does not form part of this Report.

Political contributions

There were no political donations for the period (2014 none)

Future outlook

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.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on pages 5 to 9 of the Group's Annual Report for the 53 weeks ended 28 February 2015, which does not form part of this Report.

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 Tesco PLC Group (the "Group"), which includes the Company, is discussed on pages 10 to 11 of the Group's Annual Report which does not form part of this Report.

Research and development

The Company does not undertake any research and development activities (2014 none)

TESCO CAPITAL NO. 1 LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

Employees

The Company had no employees during the period (2014 none)

Directors and their interests

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

M Iddon (resigned – 29 August 2014)
J Lloyd (resigned – 23 January 2015)
P Moore (appointed – 23 January 2015)
S Rao (appointed – 23 January 2015)
D Surdeau (appointed – 4 August 2014)

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 the Company) in respect of liabilities incurred as a result of his office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements

Strategic Report

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

TESCO CAPITAL NO. 1 LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

Statement of Directors' responsibilities

The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period

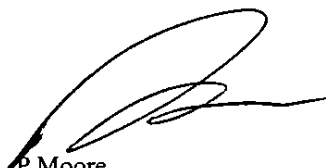
The Directors consider that in preparing the financial statements on pages 5 to 11 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

On behalf of the Board

27 October 2015



P Moore

Director

Tesco Capital No 1 Limited

Registered Number FC015640

Registered Office 22 Grenville Street, St Helier, Jersey, Channel Islands

TESCO CAPITAL NO. 1 LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015**

	Notes	53 weeks to 28 February 2015 £'000	52 weeks to 22 February 2014 £'000
Interest receivable and similar income	4	10,333	10,182
Interest payable and similar charges	5	(14,575)	(14,575)
Loss on ordinary activities before taxation		(4,242)	(4,393)
Tax on profit on ordinary activities	6	-	-
Total comprehensive loss for the financial period		(4,242)	(4,393)

The notes on pages 8 to 12 form part of these financial statements

TESCO CAPITAL NO. 1 LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2015

		28 February 2015 £'000	22 February 2014 £'000
	Notes		
Current assets			
Debtors	7	1,170,499	1,160,166
Cash at bank and in hand		3	3
		1,170,502	1,160,169
Current liabilities			
Creditors	8	(367,272)	(352,697)
Net current assets		803,230	807,472
Total assets less current liabilities		803,230	807,472
Net assets		803,230	807,472
Capital and reserves			
Share capital	9	2,286	2,286
Other reserves		622,843	622,843
Retained earnings		178,101	182,343
Total equity		803,230	807,472

The financial statements on pages 5 to 12 were approved by the Board of Directors on 27 October 2015 and were signed on its behalf by



B. Moore
Director
Tesco Capital No 1 Limited
27 October 2015

TESCO CAPITAL NO. 1 LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015**

	Share capital	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 22 February 2014	2,286	622,843	182,343	807,472
Total comprehensive loss	-	-	(4,242)	(4,242)
At 28 February 2015	2,286	622,843	178,101	803,230
At 23 February 2013	2,286	622,843	186,736	811,865
Total comprehensive loss	-	-	(4,393)	(4,393)
At 22 February 2014	2,286	622,843	182,343	807,472

TESCO CAPITAL NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

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

The financial statements of Tesco Capital No 1 Limited (the "Company") for the 53 weeks ended 28 February 2015 were approved by the Board of Directors on 27 October 2015 and the balance sheet was signed on the Board's behalf by P Moore. Tesco Capital No 1 Limited is incorporated and domiciled in England and Wales.

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

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

Pursuant to Article 105(3) of the Companies (Jersey) Law 1991, the financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom Accounting Standards, under the historical cost convention and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period except for the amendment set out below.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 24 February 2013. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with UK GAAP on the shareholders' equity as at the date of transition and as at 28 February 2015 and on the statement of comprehensive income for the period ended 28 February 2015 is shown in note 11.

Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The amount included in the Statement of Comprehensive Income is based on the profit on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

Group relief on taxation

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

3. STAFF COSTS AND DIRECTORS' REMUNERATION

The Directors received no emoluments for their services to the Company (2014: £nil).

The Company had no employees during the period (2014: none).

TESCO CAPITAL NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest receivable on loans to Group undertakings	10,333	10,182
	10,333	10,182

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable on preference share to Group undertakings	14,575	14,575
	14,575	14,575

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's losses for this accounting period are taxed at an effective rate of 21.2%.

	2015 £'000	2014 £'000
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower (2014: lower) than the blended rate of corporation tax in the UK of 21.2% (2014: 23.1%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(4,242)	(4,393)
Profit on ordinary activities multiplied by blended rate in the UK 21.2% (2014: 23.1%)	(899)	(1,015)
Effect of:		
Expenses not deducted for tax purposes	3,090	3,367
Group relief received without payment	(2,191)	(2,352)
Total income tax charge/(credit) for the financial period	-	-

TESCO CAPITAL NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

7. DEBTORS

	2015 £'000	2014 £'000
Amounts owed by Group undertakings	1,170,499	1,160,166

Included within amounts owed by Group undertakings are

- i) An amount due of £324m which accrues interest calculated at 12 month GBP LIBOR resetting annually, and
- ii) An amount due of £799m which accrues interest calculated at 3 month GBP LIBOR base rate plus 0.35% resetting quarterly

The balance relates to amounts that are unsecured, have no fixed date of repayment and are repayable on demand

8. CREDITORS

	2015 £'000	2014 £'000
25,000,000 guaranteed fixed rate cumulative preference shares of £0.01 each (2014 25,000,000)	250	250
Other amounts owed to Group undertakings	367,022	352,447
	367,272	352,697

Guaranteed fixed rate cumulative preference shares pay a dividend of 5.83%. The holders of preference shares are entitled to receive notice of and attend general meetings, however, are not entitled to vote at general meetings of the Company save where, at the date of the notice convening such a general meeting, a preference share dividend has not been paid for two consecutive preference dividend periods.

The preference shares shall be redeemed at the Company's option, by service of a written notice upon the preference shareholders at any time on or after the tenth anniversary of the subscription date. The associated premium of £9.99 per share is repayable on redemption.

Other amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment.

9. SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
4,593 preferred ordinary shares of £0.01 each (2014 4,593)	-	-
2,285,550 A ordinary shares of £0.50 each (2014 2,285,550)	1,143	1,143
2,285,550 B ordinary shares of £0.50 each (2014 2,285,550)	1,143	1,143
	2,286	2,286

The holders of A and B ordinary shares are entitled to attend and vote at general meetings of the Company. The preferred ordinary shares do not carry any right to receive notice of, nor attend and vote at general meetings of the Company.

Dividends voted by the Company are used to pay a "special dividend" on the preferred ordinary shares. Any remaining balance is paid equally on the A and B ordinary shares.

Each of the preferred ordinary shares shall only be entitled to participate pro rata in a "special dividend" in accordance with the provisions of the Articles of Association or as varied by written consent of the holders of the majority of the preferred ordinary shares.

If the Company is wound up, the preferred ordinary shareholders shall be paid the "special dividend" with any balance allocated equally between the ordinary shareholders.

TESCO CAPITAL NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

10. ULTIMATE GROUP UNDERTAKING

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The results of the Company are included in the consolidated financial statements of Tesco PLC, which are available from Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

11. EXPLANATION OF TRANSITION TO FRS 101

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 28 February 2015, the comparative information presented in these financial statements for the year ended 22 February 2014 and in the preparation of an opening FRS 101 balance sheet at 23 February 2013 (the Company's date of transition).

In preparing its opening FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from previously adopted UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	Note	23 February 2013			22 February 2014		
		UK GAAP £'000	IAS 32 £'000	FRS 101 £'000	UK GAAP £'000	IAS 32 £'000	FRS 101 £'000
Current assets							
Debtors		1,149,984	-	1,149,984	1,160,166	-	1,160,166
Cash at bank and in hand		3	-	3	3	-	3
Current liabilities							
Creditors	(a)	(88,122)	(250,000)	(338,122)	(102,697)	(250,000)	(352,697)
Net assets		1,061,865	-	811,865	1,057,472	-	807,472
Capital and reserves							
Share capital	(a)	2,536	(250)	2,286	2,536	(250)	2,286
Share premium	(a)	249,750	(249,750)	-	249,750	(249,750)	-
Other reserves		622,843	-	622,843	622,843	-	622,843
Retained earnings		186,736	-	186,736	182,343	-	182,343
Total equity		1,061,865	-	811,865	1,057,472	-	807,472

TESCO CAPITAL NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

11. EXPLANATION OF TRANSITION TO FRS 101 (continued)

Reconciliation of total comprehensive loss

		22 February 2014		
	Note	UK GAAP £'000	IAS 32 £'000	FRS 101 £'000
Interest receivable and similar income		10,128	-	10,182
Interest payable and similar costs	(b)	-	(14,575)	(14,575)
Tax on loss on ordinary activities		-	-	-
Loss for the financial period		10,128	-	(4,393)
Other comprehensive income				
Items that may be subsequently reclassified to profit/(loss)				
Dividends	(b)	(14,575)	14,575	-
Total comprehensive income for the financial period		(14,575)	14,575	-

Notes to the reconciliation of equity and total comprehensive loss

- (a) Recognition of preference shares and related share premium from equity to financial liabilities Recognition not required under previously adopted UK GAAP
- (b) Recognition of interest payable from dividends to interest payable on dividends Recognition not required under previously adopted UK GAAP