

127278/40



TESCO AQUA (1LP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

Registered Number: FC026996



TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

The Directors present their report and the financial statements of Tesco Aqua (1LP) Limited (the "Company") for the 52 week period ended 25 February 2012 (prior period 52 weeks ended 26 February 2011)

Business review and principal activities

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 25 February 2012 show a pre-tax profit of £1,994,664 (52 weeks ended 26 February 2011: £5,646,162). During the 52 weeks a dividend of £nil (2011: £nil) was paid.

The Company has net assets of £8,472,480 (2011: £6,174,316).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are related to the value of the investments that this Company holds.

To manage this risk the Company periodically reviews the financial statements of the entities the Company has investments in.

Charitable and political contributions

There were no charitable or political donations for the period (2011: £nil).

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.

Key performance indicators (KPI's)

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.

Research and development

The Company does not undertake any research and development activities (2011: £nil).

TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

Supplier payment policy

The Company pays its suppliers directly

The Company's ultimate parent company, Tesco PLC is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at www.promptpaymentcode.org.uk. Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its Balance Sheet.

Employees

The Company had no employees during the period (2011: none)

Directors and their interests

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

R Brasher	(Resigned 15 March 2012)
A Clark	
S Grimble	(Appointed 2 March 2011)
M Iddon	
D Potts	(Resigned 2 March 2011)

Save as set out below, none of the Directors had any disclosable interests in the Company during this period

R Brasher and D Potts are also former directors of Tesco PLC, the Company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company.

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 director listed above 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 may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial period.

Cautionary statement regarding forward-looking information

Where this review 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 important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Companies Act 2006, 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 those financial statements, the Directors are required to

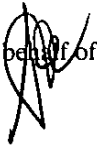
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board 20 June 2012


A Clark
Director
Tesco Aqua (1LP) Limited
Registered Number FC026996
Registered office: Strathvale House, 90 North Church Street, PO Box 10378 APO, George Town, Cayman Islands

TESCO AQUA (1LP) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

	Notes	52 weeks to 25 February 2012 £	52 weeks to 26 February 2011 £
Administrative expenses		(1,336)	(1,338)
Distributions received		1,996,000	5,647,500
Profit on ordinary activities before taxation	2	1,994,664	5,646,162
Tax on profit on ordinary activities	3	-	-
Profit for the financial period	8,9	1,994,664	5,646,162

There are no recognised gains or losses other than those shown in the Profit and Loss Account above, and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 7 to 10 form part of these financial statements

TESCO AQUA (1LP) LIMITED

BALANCE SHEET AS AT 25 FEBRUARY 2012

	Notes	25 February 2012 £	26 February 2011 £
Non-current assets			
Investments	4	303,500	303,500
Current assets			
Debtors – due within one year	5	4,980,960	4,980,960
Cash at bank and in hand		3,303,681	1,309,017
Net current assets		8,284,641	6,289,977
Creditors – amounts falling due within one year	6	(115,661)	(115,661)
Net current assets		8,168,980	6,174,316
Net assets		8,472,480	6,477,816
Capital and reserves			
Called up share capital	7	2,000	2,000
Share premium	8	301,500	301,500
Profit and loss account	8	8,168,980	6,174,316
Total equity shareholder's surplus	9	8,472,480	6,477,816

The financial statements on pages 5 to 10 were approved by the board of Directors on 20 June 2012 and were signed on its behalf by



A Clark
Director
Tesco Aqua (1LP) Limited
Registered Number FC026996

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, group financial statements have not been prepared because the Company is a wholly owned subsidiary of Tesco PLC, incorporated in England and Wales.

Cash flow statement

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 1.

Dividends received

Dividends are recognised when a legal entitlement to payment arises.

Current taxation

The amount included in the Profit and Loss Account is based on the profit or loss 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 will receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss account.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Directors received no emoluments for their services to the Company (2011: £nil).

The Company had no employees during the period (2011: £nil).

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 28% to 26% with effect from 1 April 2011. This gives an overall blended Corporation Tax rate for the company for the full year of 26.2%.

	52 weeks to 25 February 2012 £	52 weeks to 26 February 2011 £
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is higher (2011: higher) than the blended rate of corporation tax in the UK of 26.2% (2011: 28%). The differences are explained below:

	52 weeks to 25 February 2012 £	52 weeks to 26 February 2011 £
Profit on ordinary activities before tax	1,994,664	5,646,162
Profit on ordinary activities multiplied by standard rate in the UK 28% (2010: 28%)	522,602	1,580,925
Effects of:		
Partnership distribution not taxable	(522,952)	(1,581,300)
Taxable share of partnership income	424,058	322,021
Group relief received without payment	(423,708)	(321,646)
Current tax charge for the financial period	-	-

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 27% to 26% from 1 April 2011 and to 25% from 1 April 2012. The reduction from 27% to 25% was substantively enacted at the balance sheet date and has therefore been reflected in these financial statements.

In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in both the March 2011 and March 2012 UK Budget statements.

A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the main rate to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

4. INVESTMENTS

	Total £
Cost	
At 27 February 2011	303,500
Additions	-
At 25 February 2012	303,500

The Directors believe that the carrying value of the investments is supported by their underlying net assets

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

Subsidiary undertakings	Country of incorporation	% Interest held	Nature of business
The Tesco Aqua Limited Partnership	England and Wales	49.90%	Property Investment

5. DEBTORS – DUE WITHIN ONE YEAR

	25 February 2012 £	26 February 2011 £
Amounts owed by group undertakings	4,980,960	4,980,960
	4,980,960	4,980,960

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

6. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR

	25 February 2012 £	26 February 2011 £
Amounts owed to group undertakings	115,661	115,661
	115,661	115,661

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

7. CALLED UP SHARE CAPITAL

	25 February 2012 £	26 February 2011 £
Allotted, called up and fully paid 2,000 (2011: 2,000) Ordinary shares of £1 each	2,000	2,000

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

8. RESERVES

	Share premium £	Profit and loss £
As at 27 February 2011	301,500	6,174,316
Profit for the financial period	-	1,994,664
As at 25 February 2012	301,500	8,168,980

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S SURPLUS AS AT 25 FEBRUARY 2012

	52 weeks to 25 February 2012 £	52 weeks to 26 February 2011 £
Profit for the financial period	1,994,664	5,646,162
Net additions to shareholder's surplus	1,994,664	5,646,162
Opening shareholder's surplus	6,477,816	831,654
Closing shareholder's surplus	8,472,480	6,477,816

10. 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 incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

11. RELATED PARTY TRANSACTIONS

Transactions with other subsidiary companies within the group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.