TESCO PROPERTY PARTNER (NO.1) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

Registered Number: 04945945

TESCO PROPERTY PARTNER (NO.1) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

The Directors present their Report and the audited financial statements of Tesco Property Partner (No.1) Limited (the "Company") for the 52 weeks ended 24 February 2018 (prior period: 52 weeks ended 25 February 2017 ("2017")).

Business review and principal activity

The principal activity of the Company is to act as the holding company for Tesco PLC's investment in Tesco Property (No.1) Limited Partnership.

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 Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards.

Results and dividends

The results for the 52 weeks ended 24 February 2018 show a result before tax of £nil (2017: £nil) and profit after tax of £1,319,199 (2017: £861,498).

The Directors do not recommend payment of a dividend for the period ended 24 February 2018 (2017: £nil).

The Company has net assets of £20,301,228 at the period end (2017: £18,982,029) and net current assets of £13,534,730 at the period end (2017: £13,534,730).

Principal risk 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 the investments that the Company holds. To manage this risk, the Company reviews the performance of those companies in which it holds its investments.

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

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk posed due to balances owed by the Company's group undertakings is determined to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities.

The Company creditors are unsecured and interest-free. The creditors are repayable on 28 February 2029 and therefore the Directors do not foresee any significant liquidity risk.

Business risk

On 29 March 2017, the United Kingdom government invoked Article 50 and initiated the process of the United Kingdom leaving the European Union within two years. This could cause disruptions and uncertainties which could have an adverse effect on our property business, financial results and operations.

Future developments

The Company's future developments form a part of the Tesco PLC Group (the "Group") long term strategy, which is discussed on pages 8 and 9 of the Tesco PLC Annual Report and Financial Statements 2018, which does not form 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.

Political donations

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

Research and development

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

Employees

The Company had no employees during the period (2017: 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 a strategic 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 and have therefore continued to adopt the going concern basis in preparing the financial statements.

Restatement to the balance sheet

There has been a change to the presentation of current and non-current intercompany creditors and debtors. The creditor balance of £6,800,000 has been re classified from non-current liabilities to current liabilities, also intercompany receivable balance of £4,995,000 relating to same party is re classified from debtors to creditors. With the above restatement the prior year debtor balance is £15,296,371 and creditor balance is 1,805,000. In addition, the balance sheet has been restated to reflect the non-current categorisation of deferred tax assets which has been made in order to ensure the presentation is correct and consistent with the disclosures in the financial statements of Tesco PLC. In addition, the prior period deferred tax asset of £5,446,299 was classed as current. This has been re-stated in the current year to correctly reflect the non-current nature of the deferred tax asset and to be consistent with the disclosures in the financial statements of Tesco PLC.

Directors

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

J Gibney
R Welch
Tesco Services Limited

None of the Directors had 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.

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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.

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.

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.

Approved by the Board of Directors on 31 August 2018 and signed on its behalf by:

Robert Welch

R Welch
Director
Tesco Property Partner (No.1) Limited
Registered number: 04945945
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO PROPERTY PARTNER (NO.1) LIMITED

Report on the audit of the financial statements

Opinions

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 February 2018 and of its profit for period ended 24 February 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tesco Property Partner (No.1) Limited (the 'Company') which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

Other information (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

Opinions 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 year 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; or
- 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.

Simon Letts

Simon Letts (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
5 September 2018

TESCO PROPERTY PARTNER (NO.1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

	Notes	**52 weeks ended 24 February 2018**	52 weeks ended 25 February 2017
		£	£
Operating profit		**-**	-
Result before taxation		**-**	-
Tax on profit	6	**1,319,199**	861,498
Profit for the financial period		**1,319,199**	861,498

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

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 10 to 15 are an integral part of these financial statement.

TESCO PROPERTY PARTNER (NO.1) LIMITED

BALANCE SHEET AS AT 24 FEBRUARY 2018

	Notes	24 February 2018	25 February 2017 as restated (note 3)
		£	£
Non-current assets			
Investments	7	**1,000**	1,000
Deferred tax asset	6	**6,765,498**	5,446,299
		6,766,498	5,447,299
Current assets			
Debtors: amounts falling due within one year	8	**15,296,371**	15,296,371
Cash at bank and in hand		**43,359**	43,359
		15,339,730	15,339,730
Current liabilities			
Creditors: amounts falling due within one year	9	**(1,805,000)**	(1,805,000)
Net current assets		**13,534,730**	13,534,730
Total assets less current liabilities		**20,301,228**	18,982,029
Net assets		**20,301,228**	18,982,029
Capital and reserves			
Called up share capital	10	**2,000**	2,000
Profit and loss account		**20,299,228**	18,980,029
Total shareholders' funds		**20,301,228**	18,982,029

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

The financial statements on pages 7 to 15 were approved by the Board of Directors and authorised for issue on 31 August 2018. They were signed on its behalf by:

Robert Welch

R Welch,
Director
Tesco Property Partner (No. 1) Limited
Registered Number: 04945945
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO PROPERTY PARTNER (NO.1) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

	Called up share capital*	Profit and loss account	Total
	£	£	£
Balance as at 27 February 2016	**2,000**	**18,118,531**	**18,120,531**
Profit and total comprehensive income for the financial period	-	861,498	861,498
Balance as at 25 February 2017	**2,000**	**18,980,029**	**18,982,029**
Profit and total comprehensive income for the financial period	-	1,319,199	1,319,199
Balance as at 24 February 2018	**2,000**	**20,299,228**	**20,301,228**

*See Note 10 for a breakdown of the called up share capital.

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

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Tesco Property Partner (No.1) Limited ("the Company") for the 52 weeks ended 24 February 2018 were authorised for issue by the Board of Directors on 31 August 2018 and the Balance Sheet was signed on the Board's behalf by Robert Welch.

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

The functional currency of Tesco Property Partner (No.1) Limited is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates and therefore financial statements are presented in Pound Sterling.

The Company's results 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.

2. General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales.

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 activity is set out in the Directors' report on page 1.

3. Accounting policies

(a) Basis of preparation

The financial statements of Tesco Property Partner (No.1) Limited have been prepared in accordance with FRS 101 and Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 11 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 10(d), 10(f), 39(c), 40(a) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

There are no new and mandatorily effective standards in the year that would have a material impact on the financial statements.

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

3. Accounting policies (continued)

(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 and have therefore continued to adopt the going concern basis in preparing the financial statements.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

(d) Significant accounting policies

Fixed asset investments

Investments in subsidiaries and associates are stated at cost plus incidental expenses less appropriate provisions for impairment.

Impairment of investments

The Company has determined its investment in each entity as a separate cash-generating unit for impairment testing. Where there are indicators of impairment, the Company performs an impairment test. Recoverable amounts for cash-generating units are based on the higher of value in use and fair value less costs of disposal. Value in use is calculated from cash flow projections generally over five years using data from the Company's latest internal forecasts, and extrapolated beyond five years using estimated long-term growth rates.

Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables including intercompany balances are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other payables

Trade payables including intercompany balances are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

Investment income

Income received from investments is the cash distribution of the Company's share of profits in its fixed asset investments. Investment income is recognised when the company has right to receive the distributions from its investments

Taxation

Current tax, including United Kingdom (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.

3. Accounting policies (continued)

(d) Significant accounting policies (continued)

Taxation (continued)

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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusions of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(e) Restatement of the balance sheet

There has been a change to the presentation of current and non-current intercompany creditors and debtors. The creditor balance of £6,800,000 has been re classified from non-current liabilities to current liabilities, also intercompany receivable balance of £4,995,000 relating to same party is re classified from debtors to creditors. With the above restatement the prior year debtor balance is £15,296,371 and creditor balance is 1,805,000. In addition, the balance sheet has been restated to reflect the non-current categorisation of deferred tax assets which has been made in order to ensure the presentation is correct and consistent with the disclosures in the financial statements of Tesco PLC. In addition, the prior period deferred tax asset of £5,446,299 was classed as current. This has been re-stated in the current year to correctly reflect the non-current nature of the deferred tax asset and to be consistent with the disclosures in the financial statements of Tesco PLC.

4. Result before taxation

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

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

5. Auditor's remuneration

The auditor's remuneration of £3,075 (2017: £3,075) for the current and prior period was borne by Tesco Stores Limited.

6. Tax on profit

(a) Factors that have affected the tax credit:

The standard rate of corporation tax in the UK was 20% from 1 April 2015, and was changed from 20% to 19% from 1 April 2017. This gives an overall blended corporation tax rate for the Company for the full period of 19.09% (2017: 20%).

(b) Tax credit in the Profit and Loss Account

	52 weeks ended 24 February 2018	52 weeks ended 25 February 2017
	£	£
Current income tax:		
UK corporation tax on profit for the financial period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	1,475,532	1,319,572
Adjustment in respect of prior periods	5,427	-
Impact of rate change	(161,760)	(458,074)
Total deferred tax	1,319,199	861,498
Total tax credit in profit and loss account	**1,319,199**	861,498

(c) Reconciliation of the tax credit

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

	52 weeks ended 24 February 2018	52 weeks ended 25 February 2017
	£	£
Profit before tax	-	-
Tax on profit at blended corporation tax rate of 19.09% (2017: 20.00%)	-	-
Effects of:		
Adjustments in respect of prior periods	5,427	-
Group relief claimed without payment	1,475,532	1,319,572
Impact of rate change	(161,760)	(458,074)
Total tax credit for the financial period	**1,319,199**	861,498

6. Tax on profit (continued)

(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 this financial statement. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

(e) Deferred tax asset

The following are the major deferred tax (liabilities)/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 substantially enacted by the Balance Sheet date.

	Short-term timing differences	Conversion adjustment	Total
	£	£	£
At 25 February 2017	5,543,992	(97,693)	5,446,299
Origination and reversal of temporary differences			
- In respect of prior periods	(1)	5,428	5,427
- In respect of current period	1,462,579	12,953	1,475,532
- In respect of rate change	(160,340)	(1,420)	(161,760)
At 24 February 2018	**6,846,230**	**(80,732)**	**6,765,498**

7. Investments

	£
Cost and net book value	
At 25 February 2017	1,000
At 24 February 2018	**1,000**

The Directors believe that the carrying value of the investment is supported by its underlying net assets.

Details of the principal associated undertaking at the period end are as follows:

Associated undertakings	Place of incorporation	Registered address	% interest held	Direct/ Indirect holding	Nature of business
The Tesco Property Limited Partnership	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	49.95%	Direct	Property investment

8. Debtors: amounts falling due within one year (restated)

	24 February 2018	25 February 2017
	£	£
		as restated
Amounts owed by Group undertakings	**15,296,371**	15,296,371
	15,296,371	15,296,371

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand.

9. Creditors: amounts falling due within one year (restated)

	24 February 2018	25 February 2017
	£	£
		as restated
Amounts owed to Group undertakings	**1,805,000**	1,805,000
	1,805,000	1,805,000

Amount owed to Group undertakings are unsecured, interest free and repayable on demand.

10. Called up share capital

	24 February 2018	25 February 2017
	£	£
Allotted, called up and fully paid		
2,000 Ordinary shares of £1 each (2017: 2,000)	**2,000**	2,000

11. Ultimate parent undertaking

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

Copies of the Tesco PLC Annual Report and financial statements can be obtained from the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

12. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.