

TESCO INTERNATIONAL INTERNET RETAILING  
LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017

Registered Number: 00041420

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## **TESCO INTERNATIONAL INTERNET RETAILING LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017**

The Directors present their Annual Report and the audited financial statements of Tesco International Internet Retailing Limited (the "Company") for the 52 weeks ended 25 February 2017. (Prior 52 weeks ended 27 February 2016).

This Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### **Business review and principal activities**

The principal activity of the Company is international internet retailing, selling to the international British military bases. Turnover has decreased significantly since the prior period due to the closure of the Republic of Ireland (ROI) and Poland online clothing websites on the 8 September 2015. The international markets outside of ROI and Poland continued to trade until 26 January 2016.

#### **Results and dividends**

The results for the period show a profit on ordinary activities before taxation of £5k (2016: £1,105k) and turnover of £9k (2016: £3,203k).

The Directors do not recommend payment of a dividend for the 52 weeks ended 25 February 2017 (2016: £nil). The retained profit for the 52 weeks ended 25 February 2017 amounted to £5k (2016: £1,105k).

#### **Principal risks and uncertainties**

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 principle risks and uncertainties of the Group, which include the Company, are discussed on pages 26 to 30 of the Tesco PLC Annual Report 2017 which does not form part of this Report.

#### **Political Donations**

There were no political donations for the period (2016: nil).

#### **Future developments**

The intention is for the Company to continue to sell online clothing and general merchandise to the international British military bases in the next financial period. The Company is expected to be loss making in the next financial period.

#### **Going concern**

Based on forecasts, the Company has sufficient liquid assets to meet its liabilities for at least a 12 month accounting period from the date of signing the Annual Report. Accordingly the financial statements have been prepared on a going concern basis.

#### **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.

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Company is discussed on pages 6 to 8 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 (2016: none).

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**  
**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017**  
**(continued)**

**Employees**

The Company had no employees during the period (2016: none).

**Directors and their interests**

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

Tesco Services Limited  
M Britten  
A Letts

None of the Directors had any disclosable interests in the Company during this period.

**Directors indemnities**

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 2015) from preparing a Strategic Report.

**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 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 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 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.

On behalf of the Board on

22 August 2017

*Robert Welch*

Director  
Tesco International Internet Retailing Limited  
Registered Number: 00041420  
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 25  
FEBRUARY 2017**

	Note	52 weeks to 25 February 2017 £'000	52 weeks to 27 February 2016 £'000
<b>Turnover</b>		9	3,203
Cost of sales		(7)	(2,035)
<b>Gross profit</b>		2	1,168
Administrative Expenses		3	(63)
<b>Operating profit</b>		5	1,105
<b>Profit on ordinary activities before tax</b>		5	1,105
Tax on profit on ordinary activities	5	-	-
<b>Total Profit and Comprehensive Income for the financial period</b>		5	1,105

All operations are continuing for the financial period.

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

The notes on pages 7 to 11 form part of these financial statements.

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**  
**BALANCE SHEET AS AT 25 FEBRUARY 2017**

	Note	25 February 2017 £'000	27 February 2016 £'000
<b>Current assets</b>			
Debtors – amounts falling due within one year	6	6,984	7,087
Cash at bank and in hand	7	1,539	1,431
<b>Net current assets</b>		<b>8,523</b>	<b>8,518</b>
<b>Total assets less current liabilities</b>		<b>8,523</b>	<b>8,518</b>
<b>Net assets</b>		<b>8,523</b>	<b>8,518</b>
<b>Capital and reserves</b>			
Called up share capital	8	738	738
Profit and loss account	9	7,785	7,780
<b>Total equity</b>	<b>10</b>	<b>8,523</b>	<b>8,518</b>

For the year ending 25 February 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 479A;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements and notes on pages 7 to 11 were approved by the Board of Directors and authorised for issue on 22 August 2017 and were signed on its behalf by:

*Robert Welch*

Director  
 Tesco International Internet Retailing Limited  
 Registered Number: 00041420  
 Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 25**  
**FEBRUARY 2017**

	<i>Called Up Share Capital [i]</i> £'000	<i>Profit and loss account</i> £'000	<i>Total equity</i> £'000
<b>At 28 February 2015</b>	<b>738</b>	<b>6,675</b>	<b>7,431</b>
Profit for the financial period and total comprehensive income	-	1,105	1,105
<b>At 27 February 2016</b>	<b>738</b>	<b>7,780</b>	<b>8,518</b>
Profit for the financial period and total comprehensive income	-	5	5
<b>At 25 February 2017</b>	<b>738</b>	<b>7,785</b>	<b>8,523</b>

[i] See note 8 for a breakdown of the Share Capital.

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25**  
**FEBRUARY 2017**

**1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101**

The financial statements of Tesco International Internet Retailing Limited (the "Company") for the year ended 25 February 2017 were approved by the Board of Directors on 1 August 2017 and the Balance Sheet was signed on the board's behalf by [Name]. Tesco International Internet Retailing Limited is a private company limited by shares and 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 Company's financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

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.

The principal accounting policies adopted by the Company are set out in note 2.

**2 ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

Tesco International Internet Retailing Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The Company is a qualifying entity for the purposes of FRS 101. Note 9 gives details of the Company's parent and from where its consolidated financial statements, prepared in accordance with IFRS, may be obtained.

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) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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.

**Going Concern**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out as follows.

## **TESCO INTERNATIONAL INTERNET RETAILING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017 (continued)**

#### **Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There have been no significant judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

#### **Significant Accounting Policies**

##### **Turnover**

Turnover consists of international sales through internet websites carried out by Tesco Stores Limited on behalf of Tesco International Internet Retailing Limited. Turnover is reported net of returns, vouchers and value added taxes. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

##### **Cost of Sales**

Cost of Sales consists of goods purchased from Tesco Stores Limited at book price.

##### **Current taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Company will be required to settle that tax. Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities in the various tax jurisdictions in which the Company operates. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

##### **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 Income Statement.

##### **Debtors**

Debtors are amounts due from Group Undertakings. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

##### **Foreign currency translation**

The Company's financial statements are presented in Pounds Sterling, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Balance Sheet date. All differences are taken to the Company's Profit and Loss account.

##### **Cash at bank and in hand**



Cash and short term deposits in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

## TESCO INTERNATIONAL INTERNET RETAILING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017 (continued)

#### 3 AUDITOR'S REMUNERATION

The auditor's remuneration for the current and prior period was borne by another Group Company.

#### 4 STAFF COSTS AND DIRECTORS' REMUNERATION

The Directors received no emoluments for their services to the Company (2016: £nil).

The Company had no employees during the period (2016: none).

#### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The Finance Act 2015 included legislation to reduce the main rate of UK corporation tax to 20% from 1 April 2015 to 31 March 2017, and to 19% from 1 April 2017 to 31 March 2020. The blended tax rate for the period is therefore 20%. From 1 April 2020, the rate will be reduced to 17%, in accordance with Finance Act 2016.

	52 weeks to 25 February 2017 £'000	52 weeks to 27 February 2016 £'000
<b>Current income tax:</b>	-	-
UK Corporation tax on profit for the period	-	-
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>	-	-
Origination and reversal of temporary differences	-	-
Adjustments in respect of previous periods	-	-
<b>Total deferred tax</b>	-	-
<b>Tax expenses in the statement of comprehensive income</b>	-	-

#### Reconciliation of Total Tax Charge

The charge for the year can be reconciled to the profit in the Statement of Comprehensive Income as follows:

	52 weeks to 25 February 2017 £'000	52 weeks to 27 February 2016 £'000
Profit on ordinary activities before tax	5	1,105
Profit on ordinary activities multiplied by blended rate in the UK 20% (2016: 20.1%)	1	222
Effects of:	6	
Expenses not deductible for tax purposes	6	
Group relief (claimed) without payment	(7)	(222)
<b>Current tax charge for the financial period</b>	-	-

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2017 (continued)****5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

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 substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

**6 DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	25 February 2017 £'000	27 February 2016 £'000
Amounts owed by Group undertakings	6,984	7,087

Included within amounts owed by Group undertakings are amounts that are unsecured and interest free, unsecured, have no fixed date of repayment and are repayable on demand.

**7 CASH AT BANK AND IN HAND**

	25 February 2017 £'000	27 February 2016 £'000
Cash at Bank	1,539	1,431

Poland and Republic of Ireland Cash at Bank balances have been translated at respective FX spot rates as at 25 February 2017 (GBP:Pol = 1 : 5.1018 and GBP:Eur = 1 : 1.1840, Source Oanda). The FX gain upon translation has been recognised in the Statement of Comprehensive Income.

**8 CALLED UP SHARE CAPITAL**

	25 February 2017 £'000	27 February 2016 £'000
Allotted, called up and fully paid:		
738,378 Ordinary shares of £1 each (2016: 738,378)	738	738

**9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate and ultimate parent undertaking and controlling party is Tesco PLC, which is 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 at its registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

**TESCO INTERNATIONAL INTERNET RETAILING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25  
FEBRUARY 2017 (continued)**

**10 RELATED PARTY TRANSACTIONS**

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

**11 SUBSEQUENT EVENTS**

There were no subsequent events after the Balance Sheet date.