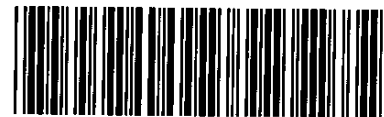


**TESCO INTERNATIONAL INTERNET RETAILING
LIMITED**
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018
Registered Number: 00041420

THURSDAY



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TESCO INTERNATIONAL INTERNET RETAILING LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

The Directors present their Annual Report and the financial statements of Tesco International Internet Retailing 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 international internet retailing, selling to the international British military bases.

Results and dividends

The results for the 52 weeks ended 24 February 2018 show a loss before tax of £189k (2017: profit before tax of £5k) and turnover of £21k (2017: £9k).

The Directors do not recommend the payment of a dividend for the 52 weeks ended 24 February 2018 (2017: £nil).

The retained loss for the 52 weeks ended 24 February 2018 amounted to £189k (2017: retained profit of £5k).

The Company had net assets of £8,334k at the end of the period (2017: net assets of £8,523k) and net current assets of £8,334k at the end of the period (2017: net current assets of £8,523k).

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 1 to 25 of the Group's Annual Report and Financial Statements 2018 which do not form a part of this Report.

Future developments

The Online division of the UK trading business ceased trading on 9 July 2018 as per the announcement made by Tesco PLC on 22 May 2018. As a result, the operational platform enabling trade for both the Online division and Tesco International Internet Retailing Limited will be decommissioned. Therefore, the Directors do not expect the Company to trade in the foreseeable future and are planning to liquidate on this basis in the near future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties 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 22 to 25 of the Tesco PLC Annual Report and Financial Statements 2018, which does not form part of this Report.

Going concern

As discussed in future developments section above, the Company is not expected to trade in the foreseeable future. Therefore, the financial statements have been prepared on the basis other than going concern.

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).

Events after the reporting period

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

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

Directors

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

Tesco Services Limited

A Letts

M Britten (resigned on 10 March 2018)

Niamh Doyle (appointed on 05 June 2018)

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.

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 the 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 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").

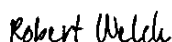
Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required 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.

Approved by the Board and signed on its behalf by:

22 August 2018



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

Tesco International Internet Retailing Limited

Registered number: 00041420

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

TESCO INTERNATIONAL INTERNET RETAILING 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
		£'000	£'000
Turnover		21	9
Cost of sales		(18)	(7)
Gross profit		3	2
Administrative expenses		(192)	3
Operating (loss)/profit		(189)	5
(Loss)/profit before taxation		(189)	5
Tax credit/(charge)	6	-	-
(Loss)/profit for the period		(189)	5

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

All operations are continuing for the financial period.

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 6 to 10 form an integral part of the financial statements.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED**BALANCE SHEET AS AT 24 FEBRUARY 2018**

	Notes	24 February 2018 £'000	25 February 2017 £'000
Current assets			
Debtors: amounts falling due within one year	7	8,336	6,984
Cash at bank and in hand	8	1,315	1,539
		9,651	8,523
Current liabilities			
Creditors: amount falling due within one year	9	(1,317)	-
Net current assets		8,334	8,523
Total assets less current liabilities		8,334	8,523
Net assets		8,334	8,523
Capital and reserves			
Called up share capital	10	738	738
Profit and loss account		7,596	7,785
Total shareholders' funds		8,334	8,523

For the 52 weeks ended 24 February 2018, the Company was entitled to exemption from audit under section 479A 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 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 6 to 10 form an integral part of the financial statements.

The financial statements on pages 3 to 10 were approved by the Board of Directors on 22 August 2018 and signed on its behalf by:

Robert Welch

Robert Welch, for and on behalf of Tesco Services Limited
 Director
 Tesco International Internet Retailing Limited
 Registered number: 00041420
 Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

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

	Called up share capital*	Profit and loss account	Total
	£'000	£'000	£'000
At 27 February 2016	738	7,780	8,518
Profit for the financial period	-	5	5
At 25 February 2017	738	7,785	8,523
Profit for the financial period	-	(189)	(189)
At 24 February 2018	738	7,596	8,334

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

The notes on pages 6 to 10 form an integral part of the financial statements.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018

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

The financial statements of Tesco International Internet Retailing Limited (the “Company”) for the period ended 24 February 2018 were authorised for issue by the Board of Directors on August 2018 and the Balance Sheet was signed on the Board’s behalf by Robert Welch, Director of Tesco Services Limited.

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.

The functional currency of the Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates. The values are rounded to the nearest thousand Pound (£’000) except when otherwise indicated.

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

Tesco International Internet Retailing Limited is a private company limited by shares and is 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 activity are set out in the Directors’ Report on page 1.

3. Accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101) and the Companies Act 2006 (the Act). 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.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- 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; and
- 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.

The principal accounting policies adopted by the Company are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

3. Accounting Policies (continued)

b. Going concern

The Company is not expected to trade in the foreseeable future. Therefore, the financial statements have been prepared on the basis other than going concern.

No adjustments arose as a result of ceasing to apply the going concern basis of accounting.

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

d. Significant accounting policies

Turnover

Turnover consists of international sales through internet websites carried out by Tesco Stores Limited on behalf of the Company. 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.

Income taxes

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. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account 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 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 Profit and Loss Account.

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.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)

3. Accounting Policies (continued)

Creditors

Creditors are amounts due to Group undertakings. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currency translation

The Company's financial statements are presented in Pound Sterling (£), which is also the Company's functional currency.

Transactions and balances

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 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.

4. Auditor's remuneration

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

5. Staff costs and Directors' remuneration

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

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

6. Taxation

(a) Factors that have affected the tax charge/(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 to 19.09%.

(b) Tax charge/(credit) in the Profit and Loss Account

	52 weeks ended 24 February 2018 £'000	52 weeks ended 25 February 2017 £'000
Current income tax:		
UK corporation tax on profit for the financial period	-	-
Total current tax	-	-

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018 (continued)**

6. Taxation (continued)

	52 weeks ended 24 February 2018 £'000	52 weeks ended 25 February 2017 £'000
Deferred tax:		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	-	-
Total tax charge/(credit) on profit/(loss)	-	-

(c) Reconciliation of the tax charge/(credit)

The differences between the total charge/(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 £'000	52 weeks ended 25 February 2017 £'000
(Loss)/profit before tax	(189)	5
Tax on (loss)/profit at blended corporation tax rate of 19.09% (2017: 20%)	(36)	1
Effects of:		
Expenses not deductible for tax purposes	-	6
Group relief surrendered/(claimed) without payment	36	(7)
Total tax charge/(credit) for the financial period	-	-

(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.

7. Debtors: amounts falling due within one year

	24 February 2018 £'000	25 February 2017 £'000
Amounts owed by Group undertakings	8,336	6,984
	8,336	6,984

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

TESCO INTERNATIONAL INTERNET RETAILING LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
24 FEBRUARY 2018 (continued)****8. Cash at bank and in hand**

	24 February 2018	25 February 2017
	£'000	£'000
Cash at bank	1,315	1,539
	1,315	1,539

Republic of Ireland cash at bank balance has been translated at foreign exchange spot rate as at 24 February 2018 (GBP:EUR = 1: 1.13516, Source Oanda). The foreign exchange loss upon translation has been recognised in the Profit and Loss Account.

As a result of prior year corrections the foreign exchange loss in year ending 24 February 2018 is £192,084.98. Closing bank balances for the EUR and PLN bank accounts have previously been incorrectly revalued, which has been corrected in 2018 and reported in the Profit and Loss Account. On 7th February 2018, the PLN bank account was closed and funds transferred to Tesco Stores Limited. As the financial statements have been prepared on a basis other than going concern, the prior year corrections have been reported in period ended 24 February 2018. Therefore, there is no material misrepresentation of the financial statements for users of the accounts.

9. Creditors: amounts falling due within one year

	24 February 2018	25 February 2017
	£'000	£'000
Amounts owed to Group undertakings	1,317	-
	1,317	-

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Called up share capital

	24 February 2018	25 February 2017
	£'000	£'000
Allotted, called up and fully paid:		
738,378 (2017: 738,378) Ordinary shares of £1 each	738	738
	738	738

11. Ultimate group undertaking

The Company's immediate and ultimate parent undertaking and controlling party 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 these financial statements. Copies of the Tesco PLC Annual Report and financial statements are available from the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

12. Related party transaction

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

13. Subsequent events

The Online division of the UK trading business ceased trading on 9 July 2018 as per the announcement made By Tesco PLC on 22 May 2018. As a result, the operational platform enabling trade for both the Online division and Tesco International Internet Retailing Limited will be decommissioned.