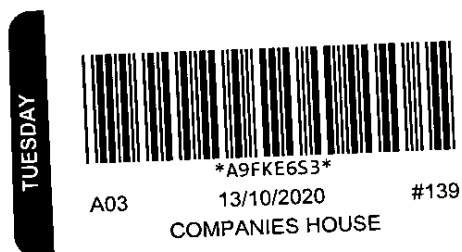


**TESCO MOBILE COMMUNICATIONS LIMITED  
ANNUAL REPORT AND UNAUDITED FINANCIAL  
STATEMENTS**

**FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

**Registered Number: 04780729**



## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

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The Directors present their Report and the unaudited financial statements of Tesco Mobile Communications Limited (the "Company") for the 53 weeks ended 29 February 2020 (prior period: 52 weeks ended 23 February 2019 ("2019")).

#### **Business review and principal activity**

The principal activity of the Company is to act as an investment company. 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 53 weeks ended 29 February 2020 show a profit before tax of £1k (2019: loss before tax £610k) and a profit after tax of £1k (2019: loss after tax £610k).

The Company has net assets at the period end of £11,265k (2019: £11,264k) and has net current assets of £668k (2019: £667k).

The Directors do not recommend the payment of a dividend for the 53 weeks ended 29 February 2020 (2019: £nil).

#### **Future developments**

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Tesco PLC Group's (the "Group") long-term strategies, which are discussed on page 5 of the Tesco PLC Annual Report and Financial Statements 2020, which does not form a part of this Report.

#### **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 13 to 18 of the Tesco PLC Annual Report and Financial Statements 2020, which do not form a part of this Report.

#### **Business risk**

Uncertainty around the UK's future trading relationship with the EU and a failure to prepare for all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking appropriate mitigation measures to address challenges as appropriate.

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March. The nature of the Company's operations is such that COVID-19 does not have a material impact upon the business, because of the principal activity of the Company.

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

#### **Events after the reporting period**

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

#### **Political donations**

There were no political donations for the period (2019: £nil) and the Company did not incur any political expenditure (2019: £nil).

#### **Research and development**

The Company does not undertake any research and development activities (2019: none).

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)**

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#### **Financial risk management**

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

##### *Liquidity risk*

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

In the prior period, the Company creditors were unsecured and interest bearing. Since the creditors predominantly comprised amounts owed to Group undertakings, the liquidity risk was determined to be low. In current period, the Company is not exposed to liquidity risk since there are no creditors as at the reporting period.

##### *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. Debtors predominantly comprises amounts owed by Group undertakings, hence credit risk is determined to be low.

#### **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.

#### **Employees**

The Company had no employees during the period (2019: nil).

#### **Directors**

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

L Heywood  
B Marsh  
R Welch  
Tesco Services Limited

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.

#### **Cautionary statement regarding forward-looking information**

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

#### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)**

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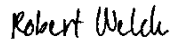
#### **Directors' Responsibilities Statement (continued)**

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; 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 on 23 July 2020, and signed on behalf of the Board by:



Robert Welch  
Director  
Tesco Mobile Communications Limited  
Registered number: 04780729  
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

**TESCO MOBILE COMMUNICATIONS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

	Notes	<b>53 weeks ended 29 February 2020</b>	52 weeks ended 23 February 2019
		<b>£'000</b>	<b>£'000</b>
<b>Operating result</b>	4	-	-
Impairment on investment	8	-	(604)
Interest payable and similar costs	5	-	(6)
Interest receivable and similar income	6	1	-
<b>Profit/(loss) before tax</b>		<b>1</b>	<b>(610)</b>
Tax charge/(credit) on profit/(loss)	7	-	-
<b>Profit/(loss) for the financial period</b>		<b>1</b>	<b>(610)</b>

There are no material differences between the profit/(loss) before tax and the profit/(loss) for the financial period stated above and their historical cost equivalents in the current and prior period.

All operations are continuing for the current and prior 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/(loss) is equal to profit/(loss) for the periods presented.

The notes on pages 7 to 12 form an integral part of these financial statements.

**TESCO MOBILE COMMUNICATIONS LIMITED**  
**BALANCE SHEET AS AT 29 FEBRUARY 2020**

	Notes	29 February 2020 £'000	23 February 2019 £'000
<b>Fixed assets</b>			
Investments	8	10,597	10,597
		<b>10,597</b>	10,597
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	-	660
Cash at bank and in hand		668	7
		<b>668</b>	667
<b>Net current assets</b>		<b>668</b>	667
<b>Net assets</b>		<b>11,265</b>	11,264
<b>Capital and reserves</b>			
Called up share capital	10	11,902	11,902
Profit and loss account		(637)	(638)
<b>Total shareholders' funds</b>		<b>11,265</b>	11,264

The notes on pages 7 to 12 form an integral part of these financial statements.

For the 53 weeks ended 29 February 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities**

Each Director who is the Director of a Company at the date of approval of these financial statements confirms:

- the members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with Section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 4 to 12 were approved by the Board and authorised for issue on 23 July 2020. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. They were signed on its behalf by:

*Robert Welch*

Robert Welch  
 Director  
 Tesco Mobile Communications Limited  
 Registered number: 04780729  
 Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

**TESCO MOBILE COMMUNICATIONS LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED  
29 FEBRUARY 2020**

	<b>Called up share capital*</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 24 February 2018	1,081	(28)	1,053
Addition to share capital	10,821	-	10,821
Loss for the financial period	-	(610)	(610)
Balance as at 23 February 2019	<b>11,902</b>	<b>(638)</b>	<b>11,264</b>
Profit for the financial period	-	<b>1</b>	<b>1</b>
<b>Balance as at 29 February 2020</b>	<b>11,902</b>	<b>(637)</b>	<b>11,265</b>

\*Refer Note 10 for a breakdown of the Called up share capital.

The notes on pages 7 to 12 form an integral part of these financial statements.

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

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

The financial statements of Tesco Mobile Communications Limited (the "Company") for the 53 weeks period ended 29 February 2020 were approved by the Board of Directors on 23 July 2020 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 on a going concern basis under the historical cost convention and the Companies Act 2006.

The functional currency of Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of Tesco PLC.

The Company's financial statements are presented in Pound Sterling, except when otherwise indicated and all values are rounded to the nearest thousands (£'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**

The Company is a private company limited by shares and is incorporated 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.

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**

##### **a) Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101. Note 12 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 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f) 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.



## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)**

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#### **3. Accounting policies (continued)**

##### **a) Basis of preparation (continued)**

##### **New and revised IFRS applied with no material effect on the financial statements**

The IFRS 16 'Leases' was adopted in the current period, and there is no impact on the financial statements upon their adoption.

Other changes to standards, interpretations and amendments effective in the current period had no material impact on the Company financial statements.

##### **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 the financial statements 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 judgments, 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**

##### **Investments**

Investments in subsidiaries and joint ventures are held at historical cost less any applicable provision for impairment reviewed annually.

##### **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 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 Profit and Loss Account.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)****3. Accounting policies (continued)****d) Significant accounting policies (continued)****Financial instruments (continued)***Financial assets*

The Company's financial assets include debtors and other receivables. Debtors (including intercompany balances) are non-interest bearing recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

*Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are recorded at amortised cost. Creditors (including intercompany balances) are non-interest bearing and are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest rate method.

**Interest payable and similar costs**

Intercompany interest-bearing loans and bank overdrafts are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Profit and Loss Account over the period of the borrowings on an effective interest basis.

**Interest receivable and similar income**

Interest receivable is calculated on accrual basis.

**Cash at bank and in hand**

Cash at bank and in hand in the Balance Sheet comprises of cash at bank.

**4. Operating result**

The Company had no employees during the period (2019: nil).

The Directors received no emoluments for their services to the Company (2019: £nil).

**5. Interest payable and similar costs**

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Interest payable on loans from joint ventures	-	6
<b>Total interest payable and similar costs</b>	<b>-</b>	<b>6</b>

**6. Interest receivable and similar income**

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Other interest income	1	-
<b>Total interest receivable and similar income</b>	<b>1</b>	<b>-</b>

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)****7. Tax charge/(credit) on profit/(loss)****(a) Factors that have affected the tax charge/(credit)**

The standard rate of corporation tax in the UK at the balance sheet date is 19% from 1 April 2017, and 17% from 1 April 2020. This gives a corporation tax rate for the Company for the full period of 19% (2019: 19%). Post the balance sheet date, legislation has been substantively enacted to repeal the reduction of the main corporation tax rate, thereby maintaining the current rate at 19%. These financial statements do not reflect the impact of this change as it was not substantively enacted by the balance sheet date.

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

The analysis of the charge/(credit) for the period is as follows:

	<b>53 weeks ended 29 February 2020 £'000</b>	<b>52 weeks ended 23 February 2019 £'000</b>
<b>Current income tax:</b>		
UK corporation tax on profit/(loss) for the financial period	-	-
<b>Total current income tax charge/(credit)</b>	-	-
<b>Total charge/(credit) in the Profit and Loss Account</b>	-	-

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

The differences between the total charge/(credit) shown above and the amount calculated by applying UK corporation tax rate to profit/(loss) is as follows:

	<b>53 weeks ended 29 February 2020 £'000</b>	<b>52 weeks ended 23 February 2019 £'000</b>
<b>Profit/(Loss) before tax</b>	<b>1</b>	<b>(610)</b>
Tax charge/(credit) at standard UK corporation tax rate of 19% (2019: 19%)	-	(116)
Effects of:		
Expenses not deductible for tax purposes	-	115
Group relief surrendered without payment	-	1
<b>Total tax charge/(credit)</b>	-	-

**8. Investments**

	<b>29 February 2020 £'000</b>	<b>23 February 2019 £'000</b>
Investment in subsidiary	9,547	9,547
Investment in joint venture	1,050	1,050
<b>Total investment at cost</b>	<b>10,597</b>	<b>10,597</b>

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)****8. Investments (continued)***(a) Investments in subsidiaries*

	29 February 2020 £'000	23 February 2019 £'000
At 23 February 2019	9,547	-
Addition	-	10,151
Impairment of investment	-	(604)
At 29 February 2020	9,547	9,547

The Directors believe that the carrying value of the investments is supported by their underlying net assets and their expected future cash flows.

During the prior period, the Company made an investment of £10,151k into Tesco Mobile Services Ltd.

*(b) Details of group undertakings*

A full list of related undertakings and the percentage of each share class owned as at 29 February 2020 are disclosed below:

Related undertaking	Principal activity	Registered office	Share class	% held by Company and subsidiaries	Direct/Indirect holding
Tesco Mobile Services Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary Shares	100%	Direct
Tesco Mobile Limited	Telecoms	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.	£0.10 A Ordinary Shares	45%	Indirect
Tesco Mobile Limited	Telecoms	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.	£0.90 B Ordinary Shares	5%	Direct

**9. Debtors: amounts falling due within one year**

	29 February 2020 £'000	23 February 2019 £'000
Amounts owed by group undertakings	-	660
<b>Total amounts falling due within one year</b>	<b>-</b>	<b>660</b>

In the prior period, amounts owed by group undertakings were amounts that was unsecured, had no fixed date of repayment and were repayable on demand.

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)****10. Called up share capital**

	<b>29 February 2020</b>	23 February 2019
	<b>£'000</b>	£'000
Allotted, called up and fully paid		
11,901,674 Ordinary shares of £1 each (2019: 11,901,674)	<b>11,902</b>	11,902
<b>Total</b>	<b>11,902</b>	11,902

In the prior period, the Company issued 10,821,069 Ordinary Shares of £1 each amounting to £10,821k. The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they confer rights of redemption.

**11. Related party transactions**

During the period the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group. Transaction entered into with other related parties in the group which are not wholly owned subsidiaries, are as follows:

<b>Nature of transaction</b>	<b>29 February 2020</b>	23 February 2019
	<b>£'000</b>	£'000
Loan repaid to joint venture during the financial period	-	600

**12. Ultimate group undertaking**

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 Annual Report and Financial Statements 2020 are available from the Company Secretary at the registered office address: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

**13. Event after the reporting period**

In light of the COVID-19 pandemic, the Company has considered whether any adjustments are required to reported amounts in the financial statements. As at the balance sheet date, no global pandemic had been declared, the UK was still in the 'containment' phase, large global share price falls had not yet occurred, and larger-scale outbreaks had not occurred in countries where the company operates. The full ramifications of COVID-19, and the extent of Government interventions in response, were not apparent.

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March, the UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The first large falls in stock markets occurred in early March, and Tesco introduced a '3 items only' limit on purchases on 19 March in response to customer demand. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events.