

DILLONS NEWSAGENTS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020
REGISTERED NUMBER: 00140624



DILLONS NEWSAGENTS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

The Directors present their Report and the unaudited financial statements of Dillons Newsagents 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 a holding company for Tesco PLC Group entities

There has been no significant change in the nature or level of this activity during the period.

Results and dividends

The results for the 53 weeks ended 29 February 2020 show a loss before tax of £20k (2019: £20k) and loss after tax of £20k (2019: £20k).

The Company has net assets at the period end of £48,743 (2019: £48,763) and has net current assets of £49,115k (2019: £49,135k).

The Company has announced a dividend of £20k for the preference shares in relation to current financial period on 25 Feb 2020 (2019: £20k for the preference shares in relation to previous financial period).

The Directors do not recommend payment of an ordinary 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 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 as a holding company of an inactive entity.

Going concern

The Directors consider that the Company has adequate resources to remain in operation for a period of at least 12 months from date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

DILLONS NEWSAGENTS LIMITED

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

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).

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.

The Company's creditors are unsecured and interest free. Since the creditors predominantly comprises amounts owed to Group undertakings, the liquidity risk is determined to be low.

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: none).

Directors

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

M Everitt
L Heywood
J McQuarrie
S Kyte (Appointed on 26 March 2019)
R Welch (Appointed on 26 March 2019)
S Blair (Resigned on 18 March 2019)
T Clements (Resigned on 18 March 2019)
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.

DILLONS NEWSAGENTS LIMITED

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

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).

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, 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 4 August 2020, and signed on behalf of the Board by:



Mark Everitt
Director
Dillons Newsagents Limited
Registered Number: 00140624
Registered Office: Apex Road, Brownhills, Walsall, West Midlands, WS8 7HU, United Kingdom

DILLONS NEWSAGENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

	Notes	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Operating result	4	-	-
Interest payable and similar costs	5	(20)	(20)
Loss before tax		(20)	(20)
Tax (charge)/credit on loss	6	-	-
Loss for the financial period		(20)	(20)

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

All operations are continuing for the current and prior financial periods.

There is no other comprehensive income/(loss) in the periods presented; therefore, no Statement of Comprehensive Income has been prepared. Total comprehensive loss is equal to loss for the periods presented.

The notes on pages 7 to 13 form an integral part of these financial statements.

DILLONS NEWSAGENTS LIMITED

BALANCE SHEET AS AT 29 FEBRUARY 2020

	Notes	29 February 2020 £'000	23 February 2019 £'000
Fixed assets			
Investments	7	28	28
		<u>28</u>	<u>28</u>
Current assets			
Debtors: amounts falling due within one year	8	119,658	119,678
		<u>119,658</u>	<u>119,678</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(70,543)	(70,543)
		<u>(70,543)</u>	<u>(70,543)</u>
Net current assets		<u>49,115</u>	<u>49,135</u>
Total assets less current liabilities		<u>49,143</u>	<u>49,163</u>
 Creditors: amounts falling due after more than one year	 10	 (400)	 (400)
Net assets		<u>48,743</u>	<u>48,763</u>
 Capital and reserves			
Called up share capital	11	5,353	5,353
Share premium		28,931	28,931
Other reserves		160	160
Profit and loss account		14,299	14,319
Total Shareholders' funds		<u>48,743</u>	<u>48,763</u>

The notes on pages 7 to 13 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 (the 'Act') relating to subsidiary companies.

Directors' responsibilities

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

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to records and the preparation of financial statements.

The financial statements on pages 4 to 13 were approved by the Board and authorised for issue on 4 August 2020. They were signed on its behalf by:



Mark Everitt
Director

Dillons Newsagents Limited

Registered Number: 00140624

Registered Office: Apex Road, Brownhills, Walsall, West Midlands, WS8 7HU, United Kingdom

DILLONS NEWSAGENTS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020**

	Called up share capital*	Share premium	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 24 February 2018	5,353	28,931	160	14,339	48,783
Loss and total comprehensive loss for the financial period	-	-	-	(20)	(20)
Balance as at 23 February 2019	5,353	28,931	160	14,319	48,763
Loss and total comprehensive loss for the financial period	-	-	-	(20)	(20)
Balance as at 29 February 2020	5,353	28,931	160	14,299	48,743

*See Note 11 for a breakdown of the Called-up share capital.

The notes on pages 7 to 13 form an integral part of these financial statements.

DILLONS NEWSAGENTS LIMITED

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

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

The financial statements of Dillons Newsagents Limited (the "Company") for the 53 weeks ended 29 February 2020 were approved by the Board of Directors on 4 August 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, modified to include certain items at fair value.

The functional currency of Dillons Newsagents Limited 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 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.

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 stated.

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 Apex Road, Brownhills, Walsall, West Midlands, WS8 7HU, United Kingdom. The nature of the Company's operations and its principal activities 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 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.

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 requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with Customers;
- 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.

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

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 12 months from 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 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**Investments**

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Taxation*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 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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

DILLONS NEWSAGENTS LIMITED

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

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the Profit and Loss Account, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

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.

Financial assets

The Company's financial assets include debtors and other receivables. Debtors (including intercompany balances) are non-interest bearing and are 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

All borrowing costs are recognised as finance costs in the period in which they occur.

4. Operating loss

The Company had no employees during the period (2019: none).

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

DILLONS NEWSAGENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****5. Interest payable and similar costs**

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Dividend payable on preference shares	20	20
	20	20

During the period, a dividend of £20k at 5p per share (2019: £20k at 5p per share) was payable on preference shares. Dividend on the preference shares is treated as interest expense.

6. Tax (charge)/credit on 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 tax (charge)/credit for the period is as follows:

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Current income tax:		
UK corporation tax on loss for financial period	-	-
Total current income tax (charge)/credit	-	-

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

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

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Loss before tax	(20)	(20)
Tax credit at standard UK corporation tax rate of 19% (2019: 19.00%)	4	4
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(4)	(4)
Overall tax (charge)/credit	-	-

DILLONS NEWSAGENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****7. Investments**

	29 February 2020	23 February 2019
	£'000	£'000
Cost:		
At 23 February 2019	40	40
Additions	-	-
Disposals	-	-
At 29 February 2020	40	40
Depreciation and impairment:		
At 23 February 2019	12	12
Impairment loss	-	-
Disposals	-	-
At 29 February 2020	12	12
Net book value		
At 23 February 2019	28	28
At 29 February 2020	28	28

The Directors believe that the book value of the investments is not less than the value of the underlying net assets.

Details of the related undertakings at the period end are as follows:

Subsidiary undertakings	Place of incorporation	Registered office address	Share class	% shares held
Alfred Preeedy & Sons Limited	England and Wales	Apex Road, Brownhills, Walsall, West Midlands, WS8 7HU, United Kingdom	£1.00 Ordinary shares £1.00 Deferred shares	100%
Gibbs News Limited (In liquidation)	England and Wales	1 More London Place, London, SE1 2AF	£0.0001 Ordinary shares	0.001%

DILLONS NEWSAGENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****8. Debtors: amounts falling due within one year**

	29 February 2020	23 February 2019
	£'000	£'000
Amounts owed by Group undertakings	119,658	119,678
	119,658	119,678

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

9. Creditors: amounts falling due within one year

	29 February 2020	23 February 2019
	£'000	£'000
Amounts due to Group undertakings	70,523	70,523
Accrual and deferred income	20	20
	70,543	70,543

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

10. Creditors: amounts falling due after more than one year

	29 February 2020	23 February 2019
	£'000	£'000
Allotted, called up and fully paid:		
400,000 fixed rate preference shares of £1 each (2019: 400,000)	400	400
	400	400

The fixed rate preference shares confer on the holder the right to receive a cumulative fixed dividend of 5% (2019: 5%). On the winding up of the Company, the fixed rate preference shares shall be redeemed in priority to ordinary shares, together with any arrears of dividend.

The fixed rate preference shareholders have the right to vote at the general meetings of the Company.

11. Called up share capital

	29 February 2020	23 February 2019
	£'000	£'000
Allotted, called up and fully paid:		
21,412,328 Non-voting Ordinary shares of £0.25 each (2019: 21,412,328)	5,353	5,353
	5,353	5,353

The non-voting ordinary shareholder have the right to vote at the general meeting only in resolutions varying the rights of the non-voting ordinary shareholders.

DILLONS NEWSAGENTS LIMITED

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

12. Ultimate group undertaking

The Company's immediate parent undertaking is Statusfloat Limited. The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is registered in England and Wales, 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 can be obtained from the Company Secretary at the registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

13. Events after the reporting period

The Company has paid a dividend of £20k for the preference shares in relation to current financial period on 21 April 2020.

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.