Tax in the accounts of Tesco plc

July 2021

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1. Summary

In this note the accounts of Tesco plc[3] for 2021, 2020 and 2019 are reviewed to see if the entries in them with regard to corporation tax quite literally add up. We also checked to see if they gave a clear impression of the tax bills owing by the company in each of those years.

Based on the evidence within those accounts, the relevant extracts from each of which are reproduced at the end of this note, those accounts do not add up without the assistance provided to the author of this report by Tesco plc[4] in providing data not published in the accounts themselves.

In 2021 there was a difference of £26 million within the published accounts that Tesco plc had to explain using unpublished data, with the reported closing tax liability being lower than expected.

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[3] https://www.tescoplc.com/investors/reports-results-and-presentations/annual-report-2020/
[4] Thanks are offered to Tesco plc with their assistance with regard to this matter.

In 2020 the difference is £3 million within the published accounts that Tesco plc had to explain using unpublished data, again with the closing tax liability being lower than expected.

In 2019 there was a difference of £27 million within the published accounts that Tesco plc had to explain using unpublished data, this time with the closing tax liability being higher than excepted.

Each of these numbers is significant. In 2019 and 2021 they are big in proportion to the tax bills that Tesco plc says it has for the years in question. In 2021 the required adjustment changed the overall impression of the tax liability due by Tesco plc for the year, changing it from a liability owing to a net refund being due to the company.

Nothing in this report says that Tesco plc has its tax accounting wrong. As Tesco has noted in correspondence with the author of this note:

> *The detailed tax disclosures in our consolidated accounts are in line with market practice and comply with the International Reporting Standard IAS12 in relation to tax*[5].

We respect this view, of course. What we are saying is that despite the fact that the tax accounting by Tesco plc is compliant with required standards it is incomplete for reasons that cannot be explained from the accounts themselves. We are not saying Tesco plc is at fault as a result: we are suggesting that the required standards are. It is the standards that are leaving the users of Tesco plc's accounts short of the data that they require to inform their decision making about tax in that company's accounts, and that is the problem we are addressing in this report.

For the record we are aware that this failing is commonplace: Tesco plc is to be commended for engaging with us on this issue. Other companies have not.

At the Corporate Accountability Network we think that full disclosure so that informed decision making on tax in a company's accounts matters. All the stakeholders of a company, from its shareholders, to its employees, to its tax authority and those of us who depend on the company to pay the right amount of tax, have a right to know that the accounts of the company are correctly, and completely, stated when it comes to tax. The accounting tests referred to in this note found that we could not prove this on the basis of the information in Tesco plc's accounts. As a result we suggest that the users of those

[5] Email dated 26-5-2021

accounts might have a lot less confidence in the data that Tesco plc has published than we think is desirable, precisely because it has followed accounting rules that are insufficient, and not through any fault of the company.

We have also identified another issue. Whilst in 2019 the declared tax charge for the year was relatively close to what we might think the actual charge for the year to be (£344 million declared, £339 million actual liability for the year) this is not true in the other years. In 2020 the declared tax charge for the year was £367 million but this ignores other tax credits that Tesco claimed, meaning that the actual tax charge for that year looks to have been £327 million. In 2021 the difference is even bigger. The tax charge in the accounts suggested that £178 million was owing. However, after no less than five adjustments that need to be made to this sum, one of which was not identifiable in the right amount without the assistance of Tesco plc, and all of which are dotted through the accounts, we think that the actual tax figure for that year was that a credit of £10 million was due to the company. That is a figure £188 million different from that which Tesco plc published as its headline tax charge for the year.

We think that these differences matter. We believe that people want to know that they are getting the whole story on tax from a company.

We also think that the accounts of a company should make sure that the overall tax charge for the year, however it is calculated, can be appraised, and in just one place.

For this reason, and given the importance of tax to investors, the public and in international politics as new discussions on minimum effective tax rates are taking place between countries as calls are being made to eliminate corporate tax abuse, we are proposing that there should be new tax accounting rules that would require that overall summaries of the tax due by a company for a year, and a reconciliation of how that sum is settled should be included in the accounts so that confidence that tax declared is paid can be established. We think that this is the minimum that the users of accounts should expect from a company.

We drew this matter to Tesco's attention and they said:

> *The assertion that numbers in our audited accounts do not add up in relation to tax is incorrect. We take our tax reporting and tax compliance extremely seriously, and our corporate tax reporting adheres to all relevant accounting standards. The detailed tax disclosures in our consolidated accounts are in line with market practice and comply with the International Reporting Standard IAS12 in relation to tax. We have provided full explanations for each of the points raised with us, and we strongly disagree with the tone and conclusions of this report.*

We do agree that the accounts of Tesco plc do add up. We do however have to point out that this is only true for those who call upon Tesco plc to provide assistance to prove that this is the case, as we did. Our hope is that Tesco plc will give us the full story with regard to tax in their accounts in future and that no one else will need to call on them to provide explanations that prove that their accounts do balance with regard to tax.

2. The background

Accounting is a logical subject. Certain rules can, therefore, be expected to apply to accounting disclosure. If they do not then it is reasonable to ask why that is the case.

One such simple arithmetical rule, or accounting identity[6], should apply in the case of the accounting for corporation tax. In this case the simple rule is that if the opening balance at the start of a period for corporation tax due has the current corporation tax charge for that period added to it (whether that charge is in the income statement[7] or wherever else it might charged in the financial statements[8]) and then the amount of corporation tax actually paid in the period as recorded in its cash flow statement is taken off the resulting total then the balance remaining should be the corporation tax due at the end of the year as shown on the closing balance sheet for the entity[9] reporting this data. This accounting identity can be expressed in this way:

	£'m	£'m
Opening corporation tax balance owing as per balance sheet at the start of the period		A
Add: Current period tax charge	B	
Add: Any tax charges elsewhere in the accounts for the period	C	
Total tax charges for the period		D
Total potential tax owing for the period (A+D)		E
Less: Tax paid during the period as per the cash flow statement		F

[6] In this context an identity is an equation that always holds true. Accountants sometimes refer to the entries that make up these accounting identities as 'control accounts' that must be required to balance to prove the underlying integrity of the accounting data that underpins a set of accounts.

[7] Also called the profit and loss account

[8] As noted later in this note.

[9] The term entity is used in place of 'company' when talking generically in this note because the accounting identity being discussed holds true for any set of accounts whether for a company, or an individual, a trust, charity or any other concern that prepares accounts.

Closing corporation tax balance owing as per balance sheet at the end of the period (E-F)		G

Double entry requires that this be true. This is because the opening and closing balance sheets of an entity for a period are always reconciled via movements recorded in its:

a. Income statement;
b. Statement of comprehensive income;
c. Statements of change in equity;
d. Other charges e.g. with regard to exceptional items and discontinued activities;
e. Cash flow statement.

In each case it is assumed that the supporting notes to these disclosures are part of these statements. There should be no double entry regarding tax that does not get reflected in these statements. In that case it should be possible, if appropriate disclosure is made, for the above noted reconciliation to be undertaken for any company that publishes all of these statements.

This note is published as part of a new research project being undertaken to determine whether adequate disclosure is made to explain the corporation tax due by major UK listed companies, This disclosure should, we think, provide all the necessary information as noted above that is required to demonstrate that this accounting identity holds true in the case of those companies. The test seeks to determine to whether those companies' tax disclosures can be relied upon as being complete. If the noted equation balances then that is assumed to be the case. If it does not balance then it is assumed that there is missing information that the reporting entity still needs to explain.

3. Tesco's accounting

In this note the accounts of Tesco plc for its trading periods ended in February 2021, 2020 and 2019 have been tested to see whether the tax disclosures made are complete. We did this by testing whether the information required to demonstrate that the corporation tax accounting identity noted above is available within those accounts. As a secondary issue, the difference between the declared tax due for the period has been compared with the overall tax liability owing and tax actually paid.

The summary of the findings is as follows:

Tesco PLC		2021			2020			2019		
	Source	Note	£'m	£'m	Note	£'m	£'m	Note	£'m	£'m
Opening corporation tax balance owing as per balance sheet at the start of the period	Balance sheet	a		303	k		319	s		323
Add: Current period tax charge	Tax note	b	178		l	367		t	344	
Add: Any tax charges elsewhere in the accounts	Statement of comprehensive income	c	-176		m	-1		u	-3	
	Statement of changes in equity	d	-5		n	-1		v	-2	
	Exceptional items	e	0		o	-38		w	0	
	Discontinued operations - trading	f	61		p	0		w	0	
	Discontinued operations disposal of liabilities	g	-1		p	0		w	0	
	Discontinued operations - gain	h	-67		p	0		w	0	
Total tax charges for the period		i		-10	q		327	x		339
Total potential tax owing				293			646			662
Less: Tax paid per cash flow	Cash flow			-255			-340			-370
Calculated closing tax liability				38			306			292
Actual losing corporation tax balance owing as per balance sheet at the end of the period	Balance sheet	j		38	r		303	y		319
Difference				0			-3			27
Relating to restatement of closing tax liabilities as a result of business acquisition during the year										-27
Relating to restatement of closing tax liabilities as a result of business acquisition during the year							3			
Remaining difference				0			0			0

The notes referred to are as follows:

a	As brought forward from previous year and checked to opening balance sheet
b	Current tax charge as per note 6 to the accounts
c	An adjustment re pension related liabilities no longer owing according to note 6 to the accounts
d	A credit related to share based payments
e	None in the year as per note 7
f	Stated to be £87 million in the accounts. In correspondence Tesco plc say that £26 million of this was deferred taxation. This could not have been discovered in any other way. The figure of £61 million noted is not in the published accounts.
g	Liability disposed of and so effectively cancelled in Thailand and Malaysia
h	Tax credit ion disposal of Thailand and Malaysian operations
i	Calculated sum based on the various charges for the year
j	£78m liability less asset of £41m.
k	As brought forward from previous year and checked to opening balance sheet
l	Current tax charge as per note 6 to the accounts
m	An adjustment relating to foreign exchange movements according to note 6 to the accounts
n	A credit related to share based payments
o	Release of Chinese tax liability as per note 7 to the accounts
p	None identified in this year
q	Calculated sum based on the four charges for the year
r	£324m liability less asset if £21m
s	£325m liability less asset of £12m
t	Current tax charge as per note 6 to the accounts
u	An adjustment relating to foreign exchange movements according to note 6 to the accounts
v	A credit related to share based payments
w	None identified in this year
x	Calculated sum based on the four charges for the year
y	£325m liability less asset of £6m

Some explanation of the colour coding is required:

- Blue represents the current tax charge as published in the accounts;
- Green is a figure extracted from the accounts, with the source explained by the notes;
- Orange is the actual current tax liability for the year after adjustments to the figure shown in blue are made for the other items that are noted in the accounts, or in one case by Tesco plc;
- Grey is a figure for the difference that the accounts could not explain. That for 2021 would be £26 million except for the fact that the figure highlighted in yellow for the that year has already been adjusted from the £87 million figure published in the accounts to exclude £26 million of deferred tax which was not referred to in the accounts;
- Yellow refers to items that could not be explained from the accounts and which were explained by Tesco plc after inquiry was made on this issue.

4. The figures not included in the accounts

Three figures had to be supplied and explained by Tesco plc to make the above figures balance:

- In 2019 the closing tax liability was inflated by a sum owing in respect of Booker plc, which was acquired during that year, which sum did not reflect trading in the year. As Tesco plc have pointed out, this did not need to be separately disclosed with regard to that acquisition, but it did mean that the accounts could not be shown to add up using the data disclosed within them;
- In 2020 an immaterial business disclosure took place and £3 million of tax liability was transferred as part of that disposal. As Tesco plc have pointed out, this did not need to be separately disclosed with regard to that acquisition, but it did mean that the accounts could not be shown to add up using the data disclosed within them;
- In 2021 tax of £87 million was shown to be due on discontinued trading operations (see section H of the data appendix). This sum was not split between deferred and current tax liabilities arising. Tesco plc has advised that £26 million of this sum related to deferred tax, leaving the current tax charge as £61 million. This information could not be ascertained from the accounts meaning that the accounts could not be shown to add up using the data disclosed within them.

We are grateful to Tesco plc for supplying this information when request was made. We could not have ascertained it in any other way.

5. The differences arising

As will be apparent, the anticipated balance was not found in any year.

The differences can be considered as follows:

	2021	2020	2019
	£'m (unless noted otherwise)	£'m (unless noted otherwise)	£'m (unless noted otherwise)
Pre tax profit for the year	825	1315	1674
Stated current tax liability / (credit)	178	367	344
Adjustments to tax liability elsewhere in the accounts	-188	-40	-5
Total tax charge for the year	-10	327	339
Missing tax	26	-3	27
Declared current tax bill as a % of pre-tax profit	21.6%	27.9%	20.5%
Total tax charge for the year as a % of pre-tax profits	-1.2%	24.9%	20.3%
Tax actually paid	255	340	370
Tax paid as a % of total tax charge for the year	-2550.0%	104.0%	109.1%

As will also be apparent, the noted accounting issues arising can significantly change the view of the tax liabilities owing by the company in a year.

Tax actually paid is consistently higher than that declared to be owing, which also makes this an unreliable measure. The difference in 2021 is dramatic.

6. Why this matters

The presumption when working on this note was always that the accounts of Tesco PLC did balance with regard to corporation tax. It was also presumed that overall its tax liabilities must be fairly stated, because that is the assurance that both the directors of the company and its auditors provide.

However, what the above noted workings suggest is that although this is the case insufficient data has been provided in the financial statements of the company to demonstrate that this is so and that other data, not included in the accounts themselves., was required to demonstrate that this assumption was correct.

It is our opinion that this issue matters. It is important that something as basic as the double entry bookkeeping for corporation tax liabilities should be capable of being traced in the fashion that we have outlined above if the credibility of the accounts of an entity is to be accepted by all its stakeholders.

It is also vital that the stakeholders of a company have a proper view of the overall tax position of a company in a year, which data is hard to extract from the accounts of Tesco plc.

It would also be appropriate that a company explain why its tax paid might consistently be above the tax liabilities that it appears to suggest it owes, as is the case with Tesco plc.

There is now widespread acceptance of the idea that the stakeholders of company are much more broadly based. We suggest that there are seven stakeholder groups[10]:

a. The shareholders;
b. Other providers of capital;
c. Trading partners, whether customers or suppliers;
d. Employees, whether past, present or future;
e. Regulators;
f. Tax authorities;
g. Civil society in all its forms, including the communities that host the activities of the company, civil society organisations, researchers, journalists and others who have interest in the external impact that the company has, whether that be upon the social, economic, political or natural environment.

This issue is of concern to these stakeholders for the following reasons:

a. Shareholders

This accounting identity is a basic test of accounting credibility. Can the company make reliable statements to its members? If it cannot, what dependence should be placed upon the other statements included in the accounts? Should shareholders have to go to the lengths we have to establish the true position of the tax data within the accounts of the entity?

b. Other providers of capital

Other providers of capital to a company will be concerned as to whether the tax liabilities are fairly stated. The ability of the company to forecast its cash flows as a result of having to settle liabilities is critical to an appraisal of whether it can also settle sums owing to loan financiers. Getting simple accounting identities right indicates the presence or absence of attention to accounting detail that is important when it comes to such issues.

[10] http://www.corporateaccountabilitynet.work/what-we-are-about/stakeholders/

c. Trading partners

Likely to have similar concerns to the other providers of capital.

d. Employees

Employees are dependent upon their employer to correctly deduct taxes owing from their pay and to make settlement of it to their tax authority. They do, therefore, wish to know that the tax accounting of their employer is correct and should have this demonstrated to them.

e. Regulators

Regulators are dependent upon accurate disclosure of information by the entities whose affairs they oversee and therefore basic tests of accounting credibility are of importance to them when appraising the risks inherent within an organisation. Should they have to go to the lengths that we have to establish the true position of the tax data within the accounts of the entity?

f. Tax authorities

The correct statement of tax liabilities is of significance to tax authorities because they are dependent upon the correct statement of accounts as the starting point for the estimation of tax liabilities owing by all limited liability entities. Although the items referred to in this note do not, in themselves, impact profit, they can have a consequence. In particular, if the estimation of minimum effective tax rates is to become commonplace with regard to multinational corporations then the correct statement of the tax due and paid by a company becomes a matter of some considerable significance and the lack of appropriate accounting data to prove that this is occurring will be of importance. As such ensuring that this disclosure is correct has now become a matter of some significance.

Correct statement about other entities not subject to minimum effective tax rate calculation is also important because much of the risk assessment process undertaken by tax authorities to decide those whose affairs should be audited is dependent upon statistical analysis, and the failure to appropriately state accounts could impact the quality of that work with a misallocation of scarce tax authority resources arising as a result.

g. Civil society

The tax paid by large companies has become a matter of considerable concern to many organisations within civil society during the 21st century. Those organisations are dependent upon the provision of correct information from companies to ensure that any review that they undertake is reliable. In that case any test that proves the reliability of the information supplied is of considerable significance to civil society and any difference arising should be a matter of some concern to those engaged within it.

7. What could and should be done about this

The obvious solution to the problem that we have identified is for Tesco plc to ensure that its accounts do reconcile in the way that we have noted that they should each year.

We suggest that a reconciliation demonstrating that this is the case be added to its tax note within its accounts in each year in the future.

We suggest that the same requirement be made of all companies, irrespective of size. Given the importance of tax within accounts we suggest that this basic test of credibility is an essential part of accounts in an era when tax is such a significant issue for all companies whatever accounting rules apply to them.

We also suggest that the total tax charge for the year be disclosed in the way that we have suggested possible in this note.

If tax paid differs to tax declared we also suggest that an explanation of the differences arising should be made.

To assist achievement of these goals we suggest that when a company is not required to publish a cash flow statement it should now include a statement of the amount of corporation tax paid in a year in its tax note to its accounts.

To reinforce this requirement, we suggest that the items that we note now be required by International Financial Reporting Standards; by UK generally accepted accounting principles and by UK company law.

Appendix - Tax in the accounts of Tesco plc

The data

A. The income statements

For 2021 and 2020 (restated, and so not used in this exercise):

Group income statement

	Notes	52 weeks ended 27 February 2021			53 weeks ended 29 February 2020[a]		
		Before exceptional items and amortisation of acquired intangibles £m	Exceptional items and amortisation of acquired intangibles (Note 4) £m	Total £m	Before exceptional items and amortisation of acquired intangibles £m	Exceptional items and amortisation of acquired intangibles (Note 4) £m	Total £m
Continuing operations							
Revenue	2	**57,887**	**–**	**57,887**	**58,091**	**–**	**58,091**
Cost of sales[b]		(53,921)	383	(53,538)	(53,601)	(209)	(53,810)
Impairment loss on financial assets[b]	2	(384)	–	(384)	(183)	–	(183)
Gross profit/(loss)		**3,582**	**383**	**3,965**	**4,307**	**(209)**	**4,098**
Administrative expenses		(1,767)	(462)	(2,229)	(1,736)	(156)	(1,892)
Operating profit/(loss)		**1,815**	**(79)**	**1,736**	**2,571**	**(365)**	**2,206**
Share of post-tax profits/(losses) of joint ventures and associates	14	26	–	26	–	(8)	(8)
Finance income	5	15	–	15	20	–	20
Finance costs	5	(952)	–	(952)	(1,039)	(151)	(1,190)
Profit/(loss) before tax		**904**	**(79)**	**825**	**1,552**	**(524)**	**1,028**
Taxation	6	(200)	96	(104)	(342)	52	(290)
Profit/(loss) for the year from continuing operations		**704**	**17**	**721**	**1,210**	**(472)**	**738**
Discontinued operations							
Profit/(loss) for the year from discontinued operations	7	309	5,117	5,426	318	(83)	235
Profit/(loss) for the year		**1,013**	**5,134**	**6,147**	**1,528**	**(555)**	**973**
Attributable to:							
Owners of the parent		1,009	5,134	6,143	1,526	(555)	971
Non-controlling interests		4	–	4	2	–	2
		1,013	**5,134**	**6,147**	**1,528**	**(555)**	**973**
Earnings/(losses) per share from continuing and discontinued operations							
Basic	9			63.80p			9.99p
Diluted	9			63.62p			9.93p
Earnings/(losses) per share from continuing operations							
Basic	9			7.56p			7.60p
Diluted	9			7.54p			7.54p

The notes on pages 118 to 188 form part of these financial statements.

(a) Comparatives have been restated to present Thailand, Malaysia and Poland as discontinued operations. Refer to Note 7 for further details.
(b) Impairment loss on financial assets' comparatives have been presented separately from Cost of sales. Refer to Note 1 for further details.

And for 2020:

Group income statement

	Notes	53 weeks ended 29 February 2020 Before exceptional items and amortisation of acquired intangibles £m	Exceptional items and amortisation of acquired intangibles (Note 4) £m	Total £m	52 weeks ended 23 February 2019 (restated*) Before exceptional items and amortisation of acquired intangibles £m	Exceptional items and amortisation of acquired intangibles (Note 4) £m	Total £m
Continuing operations							
Revenue	2	**64,760**	**–**	**64,760**	**63,911**	**–**	**63,911**
Cost of sales		(59,871)	(309)	(60,180)	(59,325)	110	(59,215)
Gross profit/(loss)		**4,889**	**(309)**	**4,580**	**4,586**	**110**	**4,696**
Administrative expenses		(1,884)	(178)	(2,062)	(1,979)	(68)	(2,047)
Operating profit/(loss)		**3,005**	**(487)**	**2,518**	**2,607**	**42**	**2,649**
Share of post-tax profits/(losses) of joint ventures and associates	14	26	(8)	18	21	11	32
Finance income	5	23	–	23	25	–	25
Finance costs	5	(1,093)	(151)	(1,244)	(1,089)	–	(1,089)
Profit/(loss) before tax		**1,961**	**(646)**	**1,315**	**1,564**	**53**	**1,617**
Taxation	6	(433)	53	(380)	(397)	50	(347)
Profit/(loss) for the year from continuing operations		**1,528**	**(593)**	**935**	**1,167**	**103**	**1,270**
Discontinued operations							
Profit/(loss) for the year from discontinued operations	7	–	38	38	–	–	–
Profit/(loss) for the year		**1,528**	**(555)**	**973**	**1,167**	**103**	**1,270**
Attributable to:							
Owners of the parent		1,526	(555)	971	1,169	103	1,272
Non-controlling interests		2	–	2	(2)	–	(2)
		1,528	**(555)**	**973**	**1,167**	**103**	**1,270**
Earnings/(losses) per share from continuing and discontinued operations							
Basic	9			9.99p			13.13p
Diluted	9			9.93p			13.04p
Earnings/(losses) per share from continuing operations							
Basic	9			9.60p			13.13p
Diluted	9			9.54p			13.04p

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 and reclassification of profits/(losses) arising on property-related items as explained in Note 1 and Note 37.

And 2019:

Group statement of comprehensive income/(loss)

	Notes	52 weeks 2019 £m	52 weeks 2018 (restated*) £m
Items that will not be reclassified to income statement			
Remeasurement gains/(losses) of defined benefit pension schemes	27	364	3,265
Tax on items that will not be reclassified	6	(61)	(554)
		303	**2,711**
Items that may subsequently be reclassified to income statement			
Change in fair value of debt instruments at fair value through other comprehensive income		(10)	–
Change in fair value of available-for-sale financial assets and investments		–	(62)
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		100	179
Movements in foreign exchange reserve and net investment hedging on subsidiary disposed, reclassified and reported in the Group income statement		–	140
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		130	(146)
Reclassified and reported in the Group income statement		(57)	(52)
Tax on items that may be reclassified	6	5	22
		168	**81**
Total other comprehensive income/(loss) for the year		**471**	**2,792**
Profit/(loss) for the year		1,320	1,210
Total comprehensive income/(loss) for the year		**1,791**	**4,002**
Attributable to:			
Owners of the parent		1,793	3,995
Non-controlling interests		(2)	7
Total comprehensive income/(loss) for the year		**1,791**	**4,002**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		1,793	3,639
Discontinued operations		–	356
		1,793	**3,995**

The notes on pages 98 to 161 form part of these financial statements.

* Restated for the adoption of IFRS 15 as explained in Note 1 and Note 36.

B. Statement of comprehensive income

For 2021:

Group statement of comprehensive income/(loss)

	Notes	52 weeks 2021 £m	53 weeks 2020* £m
Items that will not be reclassified to the Group income statement			
Remeasurements of defined benefit pension schemes	29	(963)	(466)
Net fair value gains/(losses) on inventory cash flow hedges		(3)	49
Tax on items that will not be reclassified	6	248	71
		(718)	**(346)**
Items that may subsequently be reclassified to the Group income statement			
Change in fair value of financial assets at fair value through other comprehensive income		(1)	9
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		(68)	(68)
Movements in foreign exchange reserve and net investment hedging on subsidiary disposed, reclassified and reported in the Group income statement		(413)	–
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		59	57
Reclassified and reported in the Group income statement		(86)	(7)
Tax on items that may be reclassified	6	(3)	(9)
		(512)	**(18)**
Total other comprehensive income/(loss) for the year		**(1,230)**	**(364)**
Profit/(loss) for the year		6,147	973
Total comprehensive income/(loss) for the year		**4,917**	**609**
Attributable to:			
Owners of the parent		4,913	607
Non-controlling interests		4	2
Total comprehensive income/(loss) for the year		**4,917**	**609**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		(65)	352
Discontinued operations		4,978	255
		4,913	**607**

The notes on pages 118 to 188 form part of these financial statements.

* Comparatives have been restated to present Thailand, Malaysia and Poland as discontinued operations. Refer to Note 7 for further details.

For 2020:

Group statement of comprehensive income/(loss)

	Notes	53 weeks 2020 £m	52 weeks 2019 (restated*) £m
Items that will not be reclassified to the Group income statement			
Remeasurements of defined benefit pension schemes	29	(466)	364
Net fair value gains/(losses) on inventory cash flow hedges		49	–
Tax on items that will not be reclassified	6	71	(61)
		(346)	**303**
Items that may subsequently be reclassified to the Group income statement			
Change in fair value of debt instruments at fair value through other comprehensive income		9	(10)
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		(68)	90
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		57	130
Reclassified and reported in the Group income statement		(7)	(57)
Tax on items that may be reclassified	6	(9)	5
		(18)	**158**
Total other comprehensive income/(loss) for the year		**(364)**	**461**
Profit/(loss) for the year		973	1,270
Total comprehensive income/(loss) for the year		**609**	**1,731**
Attributable to:			
Owners of the parent		607	1,733
Non-controlling interests		2	(2)
Total comprehensive income/(loss) for the year		**609**	**1,731**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		569	1,733
Discontinued operations		38	–
		607	**1,733**

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 and reclassification of profits/(losses) arising on property-related items as explained in Note 1 and Note 37.

For 2019:

Group statement of comprehensive income/(loss)

	Notes	52 weeks 2019 £m	52 weeks 2018 (restated*) £m
Items that will not be reclassified to income statement			
Remeasurement gains/(losses) of defined benefit pension schemes	27	364	3,265
Tax on items that will not be reclassified	6	(61)	(554)
		303	**2,711**
Items that may subsequently be reclassified to income statement			
Change in fair value of debt instruments at fair value through other comprehensive income		(10)	–
Change in fair value of available-for-sale financial assets and investments		–	(62)
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		100	179
Movements in foreign exchange reserve and net investment hedging on subsidiary disposed, reclassified and reported in the Group income statement		–	140
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		130	(146)
Reclassified and reported in the Group income statement		(57)	(52)
Tax on items that may be reclassified	6	5	22
		168	**81**
Total other comprehensive income/(loss) for the year		**471**	**2,792**
Profit/(loss) for the year		1,320	1,210
Total comprehensive income/(loss) for the year		**1,791**	**4,002**
Attributable to:			
Owners of the parent		1,793	3,995
Non-controlling interests		(2)	7
Total comprehensive income/(loss) for the year		**1,791**	**4,002**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		1,793	3,639
Discontinued operations		–	356
		1,793	**3,995**

The notes on pages 98 to 161 form part of these financial statements.

* Restated for the adoption of IFRS 15 as explained in Note 1 and Note 36.

Note 6 to the 2021 accounts explain the movement for that year as follows:

Tax relating to components of the Group statement of comprehensive income/(loss)

Continuing operations	52 weeks 2021 £m	53 weeks 2020 £m
Current tax credit/(charge) on:		
Pensions	176	–
Foreign exchange movements	–	1
Deferred tax credit/(charge) on:		
Pensions	67	71
Fair value of movement on financial assets at fair value through other comprehensive income	–	(1)
Fair value movements on cash flow hedges	9	(9)
Total tax on items credited/(charged) to Group statement of comprehensive income/(loss)	**252**	**62**

And from note 6 to the accounts for 2020 and 2019, for which latter year tax was not restated and so this note is reliable:

Tax relating to components of the Group statement of comprehensive income/(loss)

	53 weeks 2020 £m	52 weeks 2019 £m
Current tax credit/(charge) on:		
Foreign exchange movements	1	3
Deferred tax credit/(charge) on:		
Pensions	71	(61)
Fair value of movement on financial assets at fair value through other comprehensive income	(1)	2
Fair value movements on cash flow hedges	(9)	–
Total tax on items credited/(charged) to Group statement of comprehensive income/(loss)	**62**	**(56)**

Only figures for current tax are relevant to the exercise being addressed in this note.

C. The statement of changes in equity

This statement is as follows for 2021:

Group statement of changes in equity

			All other reserves									
	Share capital £m	Share premium £m	Capital redemption reserve £m	Cost of hedging reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 29 February 2020 (restated*)	**490**	**5,165**	**16**	**(15)**	**154**	**663**	**(250)**	**3,090**	**4,078**	**13,391**	**(22)**	**13,369**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,143**	**6,143**	**4**	**6,147**
Other comprehensive income/(loss)												
Retranslation of net assets of overseas subsidiaries, joint ventures and associates	–	–	–	–	–	(68)	–	–	–	(68)	–	(68)
Movements in foreign exchange reserve and net investment hedging on subsidiary disposed, reclassified and reported in the Group income statement (Note 7)	–	–	–	–	–	(413)	–	–	–	(413)	–	(413)
Change in fair value of financial instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(1)	(1)	–	(1)
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	–	–	(963)	(963)	–	(963)
Gains/(losses) on cash flow hedges	–	–	–	17	39	–	–	–	–	56	–	56
Cash flow hedges reclassified and reported in the Group income statement	–	–	–	–	(86)	–	–	–	–	(86)	–	(86)
Tax relating to components of other comprehensive income	–	–	–	(2)	11	(7)	–	–	243	245	–	245
Total other comprehensive income/(loss)	**–**	**–**	**–**	**15**	**(36)**	**(488)**	**–**	**–**	**(721)**	**(1,230)**	**–**	**(1,230)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**15**	**(36)**	**(488)**	**–**	**–**	**5,422**	**4,913**	**4**	**4,917**
Inventory cash flow hedge movements												
Gains/(losses) transferred to the cost of inventory	–	–	–	–	(28)	–	–	–	–	(28)	–	(28)
Total inventory cash flow hedge movements	**–**	**–**	**–**	**–**	**(28)**	**–**	**–**	**–**	**–**	**(28)**	**–**	**(28)**
Transactions with owners												
Purchase of own shares	–	–	–	–	–	–	(246)	–	–	(246)	–	(246)
Share-based payments	–	–	–	–	–	–	308	–	(97)	211	–	211
Dividends (Note 8)	–	–	–	–	–	–	–	–	(5,892)	(5,892)	–	(5,892)
Tax on items charged to equity	–	–	–	–	–	–	–	–	(6)	(6)	–	(6)
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**62**	**–**	**(5,995)**	**(5,933)**	**–**	**(5,933)**
At 27 February 2021	**490**	**5,165**	**16**	**–**	**90**	**175**	**(188)**	**3,090**	**3,505**	**12,343**	**(18)**	**12,325**

The notes on pages 118 to 188 form part of these financial statements.

* Refer to Note 1 for further details regarding the prior year restatement.

In 2020 it was as follows:

Group statement of changes in equity

			All other reserves									
	Share capital £m	Share premium £m	Currency basis reserve £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 23 February 2019 (as previously reported)	**490**	**5,165**	**(5)**	**16**	**118**	**758**	**(179)**	**3,090**	**5,405**	**14,858**	**(24)**	**14,834**
Cumulative adjustment to opening balances from application of IFRS 16 (net of tax)	–	–	–	–	–	(28)	–	–	(1,374)	(1,402)	–	(1,402)
At 23 February 2019 (restated*)	**490**	**5,165**	**(5)**	**16**	**118**	**730**	**(179)**	**3,090**	**4,031**	**13,456**	**(24)**	**13,432**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**971**	**971**	**2**	**973**
Other comprehensive income/(loss)												
Currency translation differences	–	–	–	–	–	(68)	–	–	–	(68)	–	(68)
Change in fair value of debt instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	9	9	–	9
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	–	–	(466)	(466)	–	(466)
Gains/(losses) on cash flow hedges	–	–	(12)	–	111	–	–	–	–	99	–	99
Tax relating to components of other comprehensive income	–	–	2	–	(11)	1	–	–	70	62	–	62
Total other comprehensive income/(loss)	**–**	**–**	**(10)**	**–**	**100**	**(67)**	**–**	**–**	**(387)**	**(364)**	**–**	**(364)**
Total comprehensive income/(loss)	**–**	**–**	**(10)**	**–**	**100**	**(67)**	**–**	**–**	**584**	**607**	**2**	**609**
Inventory cash flow hedge movements												
Gains/(losses) transferred to the cost of inventory	–	–	–	–	(64)	–	–	–	–	(64)	–	(64)
Total inventory cash flow hedge movements	**–**	**–**	**–**	**–**	**(64)**	**–**	**–**	**–**	**–**	**(64)**	**–**	**(64)**
Transactions with owners												
Purchase of own shares	–	–	–	–	–	–	(221)	–	–	(221)	–	(221)
Share-based payments	–	–	–	–	–	–	150	–	5	155	–	155
Dividends	–	–	–	–	–	–	–	–	(656)	(656)	–	(656)
Tax on items charged to equity	–	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(71)**	**–**	**(653)**	**(724)**	**–**	**(724)**
At 29 February 2020	**490**	**5,165**	**(15)**	**16**	**154**	**663**	**(250)**	**3,090**	**3,962**	**13,275**	**(22)**	**13,253**

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 as explained in Note 1 and Note 37.

In 2019 it was stated to be:

Group statement of changes in equity continued

			All other reserves									
	Share capital £m	Share premium £m	Currency basis reserve £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 24 February 2018 (as previously reported)	**410**	**5,107**	**–**	**16**	**40**	**655**	**(16)**	**40**	**4,250**	**10,502**	**(22)**	**10,480**
Adjustment on intial application of IFRS 16 (net of tax)	–	–	–	–	–	(18)	–	–	(1,324)	(1,342)	–	(1,342)
At 25 February 2018 (restated*)	**410**	**5,107**	**–**	**16**	**40**	**637**	**(16)**	**40**	**2,926**	**9,160**	**(22)**	**9,138**
Adjustment on initial application of IFRS 9 (net of tax)	–	–	1	–	(1)	–	–	–	(177)	(177)	–	(177)
At 25 February 2018	**410**	**5,107**	**1**	**16**	**39**	**637**	**(16)**	**40**	**2,749**	**8,983**	**(22)**	**8,961**
Profit/(loss) for the year (as previously reported)	–	–	–	–	–	–	–	–	1,322	1,322	(2)	1,320
IFRS 16 adjustment to profit/(loss) for the year	–	–	–	–	–	–	–	–	(50)	(50)	–	(50)
Profit/(loss) for the year (restated*)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,272**	**1,272**	**(2)**	**1,270**
Other comprehensive income/(loss)												
Currency translation differences (as previously reported)	–	–	–	–	–	100	–	–	–	100	–	100
IFRS 16 adjustment to currency translation differences	–	–	–	–	–	(10)	–	–	–	(10)	–	(10)
Currency translation differences (restated*)	–	–	–	–	–	90	–	–	–	90	–	90
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(10)	(10)	–	(10)
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	–	–	364	364	–	364
Gains/(losses) on cash flow hedges	–	–	(6)	–	79	–	–	–	–	73	–	73
Tax relating to components of other comprehensive income	–	–	–	–	–	3	–	–	(59)	(56)	–	(56)
Total other comprehensive income/(loss) (restated*)	**–**	**–**	**(6)**	**–**	**79**	**93**	**–**	**–**	**295**	**461**	**–**	**461**
Total comprehensive income/(loss) (restated*)	**–**	**–**	**(6)**	**–**	**79**	**93**	**–**	**–**	**1,567**	**1,733**	**(2)**	**1,731**
Transactions with owners												
Purchase of own shares	–	–	–	–	–	–	(277)	–	–	(277)	–	(277)
Share-based payments	–	–	–	–	–	–	114	–	67	181	–	181
Issue of shares	80	58	–	–	–	–	–	3,050	–	3,188	–	3,188
Dividends	–	–	–	–	–	–	–	–	(357)	(357)	–	(357)
Tax on items charged to equity	–	–	–	–	–	–	–	–	5	5	–	5
Total transactions with owners	**80**	**58**	**–**	**–**	**–**	**–**	**(163)**	**3,050**	**(285)**	**2,740**	**–**	**2,740**
At 23 February 2019 (restated*)	**490**	**5,165**	**(5)**	**16**	**118**	**730**	**(179)**	**3,090**	**4,031**	**13,456**	**(24)**	**13,432**

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 as explained in Note 1 and Note 37.

Group statement of changes in equity continued

			All other reserves									
	Share capital £m	Share premium £m	Currency basis reserve £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 24 February 2018 (as previously reported)	**410**	**5,107**	**–**	**16**	**40**	**655**	**(16)**	**40**	**4,250**	**10,502**	**(22)**	**10,480**
Adjustment on intial application of IFRS 16 (net of tax)	–	–	–	–	–	(18)	–	–	(1,324)	(1,342)	–	(1,342)
At 25 February 2018 (restated*)	**410**	**5,107**	**–**	**16**	**40**	**637**	**(16)**	**40**	**2,926**	**9,160**	**(22)**	**9,138**
Adjustment on initial application of IFRS 9 (net of tax)	–	–	1	–	(1)	–	–	–	(177)	(177)	–	(177)
At 25 February 2018	**410**	**5,107**	**1**	**16**	**39**	**637**	**(16)**	**40**	**2,749**	**8,983**	**(22)**	**8,961**
Profit/(loss) for the year (as previously reported)	–	–	–	–	–	–	–	–	1,322	1,322	(2)	1,320
IFRS 16 adjustment to profit/(loss) for the year	–	–	–	–	–	–	–	–	(50)	(50)	–	(50)
Profit/(loss) for the year (restated*)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,272**	**1,272**	**(2)**	**1,270**
Other comprehensive income/(loss)												
Currency translation differences (as previously reported)	–	–	–	–	–	100	–	–	–	100	–	100
IFRS 16 adjustment to currency translation differences	–	–	–	–	–	(10)	–	–	–	(10)	–	(10)
Currency translation differences (restated*)	–	–	–	–	–	90	–	–	–	90	–	90
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(10)	(10)	–	(10)
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	–	–	364	364	–	364
Gains/(losses) on cash flow hedges	–	–	(6)	–	79	–	–	–	–	73	–	73
Tax relating to components of other comprehensive income	–	–	–	–	–	3	–	–	(59)	(56)	–	(56)
Total other comprehensive income/(loss) (restated*)	**–**	**–**	**(6)**	**–**	**79**	**93**	**–**	**–**	**295**	**461**	**–**	**461**
Total comprehensive income/(loss) (restated*)	**–**	**–**	**(6)**	**–**	**79**	**93**	**–**	**–**	**1,567**	**1,733**	**(2)**	**1,731**
Transactions with owners												
Purchase of own shares	–	–	–	–	–	–	(277)	–	–	(277)	–	(277)
Share-based payments	–	–	–	–	–	–	114	–	67	181	–	181
Issue of shares	80	58	–	–	–	–	–	3,050	–	3,188	–	3,188
Dividends	–	–	–	–	–	–	–	–	(357)	(357)	–	(357)
Tax on items charged to equity	–	–	–	–	–	–	–	–	5	5	–	5
Total transactions with owners	**80**	**58**	**–**	**–**	**–**	**–**	**(163)**	**3,050**	**(285)**	**2,740**	**–**	**2,740**
At 23 February 2019 (restated*)	**490**	**5,165**	**(5)**	**16**	**118**	**730**	**(179)**	**3,090**	**4,031**	**13,456**	**(24)**	**13,432**

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 as explained in Note 1 and Note 37.

These are explained in Note 6 to the accounts in 2021 as follows:

Tax on items credited directly to the Group statement of changes in equity

Continuing operations	52 weeks 2021 £m	53 weeks 2020 £m
Current tax credit/(charge) on:		
Share-based payments	5	1
Deferred tax credit/(charge) on:		
Share-based payments	(11)	(3)
Total tax on items credited/(charged) to the Group statement of changes in equity	**(6)**	**(2)**

The equivalent item, in 2020, which covers 2019 as it was not restated, is as follows:

Tax on items credited directly to the Group statement of changes in equity

	53 weeks 2020 £m	52 weeks 2019 £m
Current tax credit/(charge) on:		
Share-based payments	1	2
Deferred tax credit/(charge) on:		
Share-based payments	(3)	3
Total tax on items credited/(charged) to the Group statement of changes in equity	**(2)**	**5**

D. The cash flow

The cash flows statement for 2021 was as follows:

Group cash flow statement

	Notes	52 weeks 2021 £m	53 weeks 2020 (restated[a][b]) £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss) of continuing operations		**1,736**	**2,206**
Operating profit/(loss) of discontinued operations		**5,482**	**312**
Depreciation and amortisation		1,767	2,157
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets classified as held for sale and early termination of leases		(190)	(170)
(Profit)/loss arising on sale of financial assets		–	(3)
(Profit)/loss arising on sale of joint ventures and associates		(29)	(68)
(Profit)/loss arising on sale of subsidiaries	7	(5,197)	–
Transaction costs associated with sale of subsidiaries		6	22
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property		(85)	302
Impairment of goodwill	15	295	–
Net remeasurement (gain)/loss of non-current assets held for sale		(5)	–
Impairment of joint ventures		–	47
Adjustment for non-cash element of pensions charge		14	9
Other defined benefit pension scheme payments	29	(2,851)	(267)
Share-based payments		30	87
Tesco Bank fair value movements included in operating profit/(loss)		367	100
Retail (increase)/decrease in inventories		(52)	178
Retail (increase)/decrease in development stock		2	1
Retail (increase)/decrease in trade and other receivables		63	175
Retail increase/(decrease) in trade and other payables		329	(403)
Retail increase/(decrease) in provisions		56	(87)
Retail (increase)/decrease in working capital		398	(136)
Tesco Bank (increase)/decrease in loans and advances to customers and banks		1,686	127
Tesco Bank (increase)/decrease in trade and other receivables		62	310
Tesco Bank increase/(decrease) in customer and bank deposits, trade and other payables		(1,902)	(3,849)
Tesco Bank increase/(decrease) in provisions		2	5
Tesco Bank (increase)/decrease in working capital		(152)	(3,407)
Cash generated from/(used in) operations		**1,586**	**1,191**
Interest paid		(729)	(803)
Corporation tax paid		(255)	(340)
Net cash generated from/(used in) operating activities		**602**	**48**
Cash flows generated from/(used in) investing activities			
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale		237	3,965
Purchase of property, plant and equipment and investment property		(1,171)	(1,003)
Purchase of intangible assets		(206)	(201)
Disposal of subsidiaries, net of cash disposed	7	7,093	(6)
Acquisition of subsidiaries, net of cash acquired		15	–
Disposal of associate		–	277
Net (increase)/decrease in loans to joint ventures and associates		(2)	8
Investments in joint ventures and associates		(11)	(9)
Net (investments in)/proceeds from sale of short-term investments		62	(687)
Net (investments in)/proceeds from sale of financial assets at fair value through other comprehensive income and amortised cost	25c	116	(6)
Dividends received from joint ventures and associates		26	42
Interest received		12	18
Net cash generated from/(used in) investing activities		**6,171**	**2,398**
Cash flows generated from/(used in) financing activities			
Own shares purchased		(66)	(149)
Repayment of capital element of obligations under leases		(621)	(634)
Increase in borrowings		1,098	1,272
Repayment of borrowings		(1,814)	(1,756)
Net cash flows from derivative financial instruments	25c	(580)	(17)
Dividends paid to equity owners	8	(5,858)	(656)
Net cash generated from/(used in) financing activities		**(7,841)**	**(1,940)**
Net increase/(decrease) in cash and cash equivalents		**(1,068)**	**506**
Cash and cash equivalents at the beginning of the year		3,031	2,567
Effect of foreign exchange rate changes		8	(42)
Cash and cash equivalents including cash and overdrafts held in disposal groups at the end of the year		**1,971**	**3,031**
Cash and overdrafts held in disposal groups		7	–
Cash and cash equivalents at the end of the year	20	**1,978**	**3,031**

The notes on pages 118 to 188 form part of these financial statements.

(a) Comparatives have been restated to present Thailand, Malaysia and Poland as discontinued operations. Refer to Note 7 for further details.
(b) Refer to Note 1 for further details regarding the prior year restatement.

That for 2020 which covers 2019 as it was not restated with regard to tax was:

Group cash flow statement

	Notes	53 weeks 2020 £m	52 weeks 2019 (restated*) £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss)		2,518	2,649
Depreciation and amortisation		2,157	2,050
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale and early termination of leases		(170)	(131)
(Profit)/loss arising on sale of financial assets		(3)	(8)
(Profit)/ loss arising on sale of joint ventures and associates		(68)	–
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property		302	(114)
Impairment of joint ventures		47	–
Adjustment for non-cash element of pensions charge		9	45
Other defined benefit pension scheme payments	29	(267)	(266)
Share-based payments		87	77
Tesco Bank fair value movements included in operating profit/(loss)		100	127
Retail (increase)/decrease in inventories		178	11
Retail (increase)/decrease in development stock		1	(2)
Retail (increase)/decrease in trade and other receivables		175	108
Retail increase/(decrease) in trade and other payables		(391)	(310)
Retail increase/(decrease) in provisions		(87)	(197)
Retail (increase)/decrease in working capital		(124)	(390)
Tesco Bank (increase)/decrease in loans and advances to customers and banks		127	(1,585)
Tesco Bank (increase)/decrease in trade and other receivables		310	4
Tesco Bank increase/(decrease) in customer and bank deposits, trade and other payables		(3,849)	1,348
Tesco Bank increase/(decrease) in provisions		5	(25)
Tesco Bank (increase)/decrease in working capital		(3,407)	(258)
Cash generated from/(used in) operations		**1,181**	**3,781**
Interest paid		(803)	(859)
Corporation tax paid		(340)	(370)
Net cash generated from/(used in) operating activities		**38**	**2,552**
Cash flows generated from/(used in) investing activities			
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale		3,965	286
Purchase of property, plant and equipment and investment property		(1,003)	(1,101)
Purchase of intangible assets		(201)	(191)
Disposal of subsidiaries, net of cash disposed		4	8
Acquisition of subsidiaries, net of cash acquired		–	(715)
Disposal of associate	33	277	–
Net (increase)/decrease in loans to joint ventures and associates		8	5
Investments in joint ventures and associates		(9)	(11)
Net (investments in)/proceeds from sale of short-term investments		(687)	639
Net (investments in)/proceeds from sale of financial assets at fair value through other comprehensive income		(6)	(122)
Dividends received from joint ventures and associates		42	41
Interest received		18	21
Net cash generated from/(used in) investing activities		**2,408**	**(1,140)**
Cash flows generated from/(used in) financing activities			
Proceeds from issue of ordinary share capital	30	–	60
Own shares purchased		(149)	(206)
Repayment of obligations under leases		(634)	(606)
Increase in borrowings		1,332	975
Repayment of borrowings		(1,788)	(2,471)
Net cash flows from derivative financial instruments		(17)	35
Dividends paid to equity owners	8	(656)	(357)
Net cash generated from/(used in) financing activities		**(1,912)**	**(2,570)**
Net increase/(decrease) in cash and cash equivalents		**534**	**(1,158)**
Cash and cash equivalents at the beginning of the year		2,916	4,059
Effect of foreign exchange rate changes		(42)	15
Cash and cash equivalents at the end of the year	20	**3,408**	**2,916**

The notes on pages 84 to 147 form part of these financial statements.

* Restated for the adoption of IFRS 16 as explained in Note 1 and Note 37.

E. The balance sheet

The group balance sheet for 2021 was as follows:

Group balance sheet

	Notes	27 February 2021 £m	29 February 2020* £m	23 February 2019* £m
Non-current assets				
Goodwill and other intangible assets	10	5,393	6,078	6,223
Property, plant and equipment	11	17,211	19,234	19,186
Right of use assets	12	5,951	6,874	7,713
Investment property	13	19	26	36
Investments in joint ventures and associates	14	178	307	602
Financial assets at fair value through other comprehensive income	16	11	866	979
Investment securities at amortised cost	16	752	–	–
Trade and other receivables	18	170	166	243
Loans and advances to customers and banks	19	3,309	4,171	7,868
Derivative financial instruments	24	1,425	1,083	1,178
Deferred tax assets	6	552	449	408
		34,971	**39,254**	**44,436**
Current assets				
Financial assets at fair value through other comprehensive income	16	3	202	67
Investment securities at amortised cost	16	175	–	–
Inventories	17	2,069	2,433	2,617
Trade and other receivables	18	1,263	1,396	1,550
Loans and advances to customers and banks	19	3,093	4,280	4,882
Derivative financial instruments	24	37	63	52
Current tax assets		41	21	6
Short-term investments	20	1,011	1,076	390
Cash and cash equivalents	20	2,510	4,137	4,227
		10,202	**13,608**	**13,791**
Assets of the disposal groups and non-current assets classified as held for sale	7	605	285	98
		10,807	**13,893**	**13,889**
Current liabilities				
Trade and other payables	21	(8,399)	(8,922)	(9,131)
Borrowings	23	(1,080)	(2,219)	(2,874)
Lease liabilities	12	(575)	(598)	(646)
Derivative financial instruments	24	(81)	(61)	(250)
Customer deposits and deposits from banks	26	(5,321)	(6,377)	(8,832)
Current tax liabilities		(79)	(324)	(325)
Provisions	27	(186)	(155)	(226)
		(15,721)	**(18,656)**	**(22,284)**
Liabilities of the disposal groups classified as held for sale	7	(276)	–	–
Net current liabilities		**(5,190)**	**(4,763)**	**(8,395)**
Non-current liabilities				
Trade and other payables	21	(109)	(170)	(365)
Borrowings	23	(6,188)	(6,005)	(5,580)
Lease liabilities	12	(7,827)	(8,968)	(9,859)
Derivative financial instruments	24	(926)	(887)	(389)
Customer deposits and deposits from banks	26	(1,017)	(1,830)	(3,296)
Post-employment benefit obligations	29	(1,222)	(3,085)	(2,808)
Deferred tax liabilities	6	(48)	(40)	(49)
Provisions	27	(119)	(137)	(147)
		(17,456)	**(21,122)**	**(22,493)**
Net assets		**12,325**	**13,369**	**13,548**
Equity				
Share capital	30	490	490	490
Share premium		5,165	5,165	5,165
All other reserves		3,183	3,658	3,770
Retained earnings		3,505	4,078	4,147
Equity attributable to owners of the parent		**12,343**	**13,391**	**13,572**
Non-controlling interests		(18)	(22)	(24)
Total equity		**12,325**	**13,369**	**13,548**

* Refer to Note 1 for further details regarding the prior year restatement.

The notes on pages 118 to 188 form part of these financial statements.

Ken Murphy
Alan Stewart
Directors

That for 2020 which covers opening balances for 2019 was as follows. Although there were multiple restatements it does not appear as though this impacted tax balances:

Group balance sheet

	Notes	29 February 2020 £m	23 February 2019 (restated*) £m	25 February 2018 (restated*) £m
Non-current assets				
Goodwill and other intangible assets	10	6,119	6,264	2,661
Property, plant and equipment	11	19,234	19,186	18,712
Right of use assets	12	6,874	7,713	7,527
Investment property	13	26	36	100
Investments in joint ventures and associates	14	307	602	597
Financial assets at fair value through other comprehensive income	16	866	979	860
Trade and other receivables	18	166	243	217
Loans and advances to customers and banks	19	4,171	7,868	6,885
Derivative financial instruments	25	1,083	1,178	1,117
Deferred tax assets	6	292	251	401
		39,138	**44,320**	**39,077**
Current assets				
Financial assets at fair value through other comprehensive income	16	202	67	68
Inventories	17	2,433	2,617	2,264
Trade and other receivables	18	1,396	1,550	1,415
Loans and advances to customers and banks	19	4,280	4,882	4,637
Derivative financial instruments	25	63	52	27
Current tax assets		21	6	12
Short-term investments	20	1,076	390	1,029
Cash and cash equivalents	20	3,408	2,916	4,059
		12,879	**12,480**	**13,511**
Assets classified as held for sale	7	285	98	149
		13,164	**12,578**	**13,660**
Current liabilities				
Trade and other payables	21	(8,922)	(9,131)	(8,773)
Borrowings	23	(1,490)	(1,563)	(1,467)
Lease liabilities	12	(598)	(646)	(712)
Derivative financial instruments	25	(61)	(250)	(69)
Customer deposits and deposits from banks	26	(6,377)	(8,832)	(7,812)
Current tax liabilities		(324)	(325)	(335)
Provisions	27	(155)	(226)	(416)
		(17,927)	**(20,973)**	**(19,584)**
Net current liabilities		**(4,763)**	**(8,395)**	**(5,924)**
Non-current liabilities				
Trade and other payables	21	(170)	(365)	(364)
Borrowings	23	(6,005)	(5,580)	(7,032)
Lease liabilities	12	(8,968)	(9,859)	(9,560)
Derivative financial instruments	25	(887)	(389)	(594)
Customer deposits and deposits from banks	26	(1,830)	(3,296)	(2,972)
Post-employment benefit obligations	29	(3,085)	(2,808)	(3,282)
Deferred tax liabilities	6	(40)	(49)	(82)
Provisions	27	(137)	(147)	(129)
		(21,122)	**(22,493)**	**(24,015)**
Net assets		**13,253**	**13,432**	**9,138**
Equity				
Share capital	30	490	490	410
Share premium		5,165	5,165	5,107
All other reserves		3,658	3,770	717
Retained earnings		3,962	4,031	2,926
Equity attributable to owners of the parent		**13,275**	**13,456**	**9,160**
Non-controlling interests		(22)	(24)	(22)
Total equity		**13,253**	**13,432**	**9,138**

* Restated for the adoption of IFRS 16 as explained in Note 1 and Note 37.

The notes on pages 84 to 147 form part of these financial statements.

Dave Lewis
Alan Stewart
Directors

The financial statements on pages 78 to 147 were approved and authorised for issue by the Directors on 7 April 2020.

F. The current tax notes

Note 6 Taxation

Recognised in the Group income statement

Continuing operations	53 weeks 2020 £m	52 weeks 2019 (restated) £m
Current tax (credit)/charge		
UK corporation tax	254	221
Overseas tax	154	131
Adjustments in respect of prior years	(41)	(8)
	367	**344**
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	30	3
Adjustments in respect of prior years	(17)	–
	13	**3**
Total income tax (credit)/charge	**380**	**347**

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 measured using these enacted tax rates. Legislation has been substantively enacted after the current financial year balance sheet date to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%. The Group expects to recognise a charge of £30m in the Group income statement for the rate change impact from remeasuring opening temporary differences to be reported in the financial year ending 27 February 2021.

Note 6 Taxation continued

Reconciliation of effective tax charge

	53 weeks 2020 £m	52 weeks 2019 (restated) £m
Profit/(loss) before tax	**1,315**	**1,617**
Tax credit/(charge) at 19.0% (2019: 19.0%)	(250)	(307)
Effect of:		
Non-qualifying depreciation	(34)	(35)
Expenses not deductible[a]	(58)	(26)
Unrecognised tax losses	(35)	(10)
Property items taxed on a different basis to accounting entries[b]	(3)	21
Impairment of non-current assets	(36)	20
Banking surcharge tax	(11)	(18)
Differences in overseas taxation rates	4	13
Adjustments in respect of prior years[c]	58	1
Share of losses of joint ventures and associates	3	7
Irrecoverable withholding taxes	(18)	(13)
Total income tax credit/(charge)	**(380)**	**(347)**
Effective tax rate	**28.9%**	**21.5%**

[a] This includes current year movements on uncertain tax positions. Prior year includes the release of amounts provided for in relation to DPA and FCA obligations.
[b] This includes property items where the carrying values differ from their valuation for tax purposes and recognition of capital losses on property asset disposals.
[c] This includes adjustments to prior years' uncertain tax positions.

Reconciliation of effective tax charge on profit before exceptional items and amortisation of acquired intangibles, net pension finance costs and fair value remeasurements of financial instruments

	53 weeks 2020 £m	52 weeks 2019 (restated) £m
Profit/(loss) before tax before exceptional items and amortisation of acquired intangibles	**1,961**	**1,564**
Tax credit/(charge) at 19.0% (2019: 19.0%)	(373)	(297)
Effect of:		
Non-qualifying depreciation	(34)	(35)
Expenses not deductible[a]	(40)	(24)
Unrecognised tax losses	(13)	(9)
Banking surcharge tax	(17)	(19)
Differences in overseas taxation rates	4	3
Adjustments in respect of prior years[b]	53	(8)
Share of losses of joint ventures and associates	5	5
Irrecoverable withholding taxes	(18)	(13)
Total income tax credit/(charge) before exceptional items and amortisation of acquired intangibles	**(433)**	**(397)**
Effective tax rate before exceptional items and amortisation of acquired intangibles	**22.1%**	**25.4%**
Tax charge on net pension finance costs and fair value remeasurements of financial instruments at 19.0% on £315m (2019: 19.0% on £242m)	(60)	(46)
Change in tax rate	2	2
Total income tax credit/(charge) before exceptional items, net pension finance costs and fair value remeasurements of financial instruments	**(491)**	**(441)**
Effective tax rate before exceptional items, net pension finance costs and fair value remeasurements of financial instruments[c]	**21.6%**	**24.4%**

[a] This includes current year movements on uncertain tax positions and expenses not qualifying for tax relief.
[b] This includes adjustments to prior years' uncertain tax positions.
[c] Refer to page 168 for a reconciliation from Effective tax rate before exceptional items, net pension finance costs and fair value remeasurements of financial instruments shown above to the Group's 52-week alternative performance measure.

Tax on items credited directly to the Group statement of changes in equity

	53 weeks 2020 £m	52 weeks 2019 £m
Current tax credit/(charge) on:		
Share-based payments	1	2
Deferred tax credit/(charge) on:		
Share-based payments	(3)	3
Total tax on items credited/(charged) to the Group statement of changes in equity	**(2)**	**5**

Tax relating to components of the Group statement of comprehensive income/(loss)

	53 weeks 2020 £m	52 weeks 2019 £m
Current tax credit/(charge) on:		
Foreign exchange movements	1	3
Deferred tax credit/(charge) on:		
Pensions	71	(61)
Fair value of movement on financial assets at fair value through other comprehensive income	(1)	2
Fair value movements on cash flow hedges	(9)	–
Total tax on items credited/(charged) to Group statement of comprehensive income/(loss)	**62**	**(56)**

G. The deferred tax notes

Deferred tax

The following are the major deferred tax (liabilities)/assets recognised by the Group and movements thereon during the current and prior financial years.

	Property-related items[a] £m	Acquired intangibles £m	Post-employment benefits[b] £m	Share-based payments £m	Short-term timing differences £m	Tax losses £m	Financial instruments £m	Total £m
At 25 February 2018 (restated)	**(414)**	**–**	**554**	**43**	**143**	**1**	**(8)**	**319**
Adjustment on initial application of IFRS 9	–	–	–	–	–	–	59	59
(Charge)/credit to the Group income statement	53	15	(23)	–	(28)	2	(22)	(3)
(Charge)/credit to the Group statement of changes in equity	–	–	–	3	–	–	–	3
(Charge)/credit to the Group statement of comprehensive income/(loss)	–	–	(61)	–	–	–	2	(59)
Disposals	4	–	–	–	–	–	–	4
Business combinations	(7)	(129)	–	4	3	3	–	(126)
Foreign exchange and other movements[c]	–	–	–	1	3	–	1	5
At 23 February 2019 (restated)	**(364)**	**(114)**	**470**	**51**	**121**	**6**	**32**	**202**
(Charge)/credit to the Group income statement	37	14	(31)	2	(28)	(2)	(5)	(13)
(Charge)/credit to the Group statement of changes in equity	–	–	–	(3)	–	–	–	(3)
(Charge)/credit to the Group statement of comprehensive income/(loss)	–	–	71	–	–	–	(10)	61
Disposals	1	–	–	–	–	–	–	1
Foreign exchange and other movements[c]	1	–	2	1	–	–	–	4
At 29 February 2020[d]	**(325)**	**(100)**	**512**	**51**	**93**	**4**	**17**	**252**

[a] Property-related items include a deferred tax liability on rolled-over gains of £291m (2019: £287m), deferred tax assets on capital losses of £166m (2019: £140m) and deferred tax assets on IFRS 16 transitional adjustments of £276m (2019: £306m). The remaining balance relates to accelerated tax depreciation. The Group does not expect a material reversal in the next financial year.

[b] The deferred tax asset on post-employment benefits is expected to reverse as additional funding contributions are made to the closed defined benefit scheme. Refer to Note 29.

[c] The deferred tax charge for foreign exchange and other movements is a £4m credit (2019: £5m credit) relating to the retranslation of deferred tax balances at the balance sheet date and is included within the Group statement of comprehensive income/(loss) under the heading 'Currency translation differences'.

[d] Remeasurement of temporary differences for the UK corporation tax rate change substantively enacted post the balance sheet date will increase the opening deferred tax asset in the financial year ended 27 February 2021 by £23m.

Note 6 Taxation continued

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances after offset:

	2020 £m	2019 (restated) £m
Deferred tax assets	292	251
Deferred tax liabilities	(40)	(49)
	252	**202**

No deferred tax liability is recognised on temporary differences of £6.8bn (2019 revised: £6.0bn) relating to the unremitted earnings of overseas subsidiaries and joint ventures as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The deferred tax on unremitted earnings at 29 February 2020 is estimated to be £237m (2019: £237m) which relates to taxes payable on repatriation and dividend withholding taxes levied by overseas tax jurisdictions. UK tax legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exceptions.

Unrecognised deferred tax assets

Deferred tax assets in relation to continuing operations have not been recognised in respect of the following items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits in the relevant locations:

	2020 £m	2019 £m
Deductible temporary differences	78	90
Tax losses	226	199
	304	**289**

As at 29 February 2020, the Group has unused trading tax losses from continuing operations of £1,016m (2019: £894m) available for offset against future profits. A deferred tax asset has been recognised in respect of £25m (2019: £35m) of such losses. No deferred tax asset has been recognised in respect of the remaining £991m (2019: £859m) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of £219m that will expire by 2024 (2019: £69m in 2023) and £142m that will expire between 2025 and 2040 (2019: £139m between 2024 and 2039). Other losses will be carried forward indefinitely.

Changes in tax law or its interpretation

The Group operates in a number of territories which leads to the Group's profits being subject to tax in many jurisdictions. The Group monitors income tax developments in these territories (which include the OECD Base Erosion and Profit Shifting (BEPS) initiative and European Union's state aid investigations) which could affect the Group's tax liabilities.

H. Exceptional items / discontinued operations

In 2020 and 2021 part of the tax liabilities are disclosed under this heading within the accounts. The 2020 figures were restated in 2021. As such both years of data are required. There appears to be no disclosure of this sort in 2019 and as such no notes are included for that year.

In 2021 the disclosure was as follows:

Note 7 Discontinued operations and assets classified as held for sale continued

Income statement of discontinued operations

	2021				2020			
	Thailand and Malaysia £m	Poland £m	Other £m	Total £m	Thailand and Malaysia £m	Poland £m	Other £m	Total £m
Revenue	3,932	974	–	4,906	5,218	1,451	–	6,669
Operating costs[a]	(3,492)	(982)	–	(4,474)	(4,773)	(1,462)	–	(6,235)
Operating profit, before exceptional items	**440**	**(8)**	**–**	**432**	**445**	**(11)**	**–**	**434**
Share of post-tax profits/(losses) of joint ventures and associates	9	–	–	9	26	–	–	26
Finance (costs)/income	(26)	(19)	–	(45)	(37)	(14)	–	(51)
Profit/(loss) before tax, before exceptional items	**423**	**(27)**	**–**	**396**	**434**	**(25)**	**–**	**409**
Taxation	(84)	(3)	–	(87)	(85)	(6)	–	(91)
Profit/(loss) after tax, before exceptional items	**339**	**(30)**	**–**	**309**	**349**	**(31)**	**–**	**318**
Exceptional items[b]	(3)	(56)	(88)	(147)	(11)	(111)	–	(122)
Tax on exceptional items[c]	–	–	–	–	1	–	38	39
Profit after tax on disposal of Thailand and Malaysia	5,264	–	–	5,264	–	–	–	–
Total profit/(loss) after tax of discontinued operations	**5,600**	**(86)**	**(88)**	**5,426**	**339**	**(142)**	**38**	**235**

(a) Operating costs include £(20)m depreciation and amortisation charges (2020: £(348)m).
(b) Exceptional items of £(147)m (2020: £(122)m) includes £(7)m (2020: £(43)m) of net restructuring and redundancy costs, £(43)m (2020: £(79)m) of net impairment loss on non-current assets, £5m fair value remeasurement of non-current assets classified as held for sale (2020: £nil), £(8)m loss (2020: £22m profit) on disposal of surplus properties, £(6)m of other corporate activity costs (2020: £(22)m) and £(88)m (2020: £nil) provision relating to claims from Homeplus (Korea) purchasers.
(c) There was no tax on exceptional items (2020: £39m credit) including £nil with respect to the release of withholding tax liability in relation to the formation of the Group's former Gain Land associate (2020: £38m credit).

The profit after tax on disposal of the Group's Thailand and Malaysia operations comprises the following:

	£m
Gross proceeds[a]	**7,938**
Fair value gain on derivative contracts[b]	295
Proceeds inclusive of fair value gain on derivative contracts	**8,233**
Costs to sell[c]	(122)
Proceeds less costs to sell	**8,111**
Option premiums paid[b]	(243)
Proceeds less cost to sell and option premiums paid	**7,868**
Net book value of assets disposed	
Goodwill and other intangible assets	(288)
Property, plant and equipment	(2,452)
Right of use assets	(788)
Investment in joint ventures and associates	(149)
Deferred tax	(29)
Inventories	(377)
Trade and other receivables	(104)
Cash and cash equivalents[d]	(1,122)
Trade and other payables	966
Borrowings[d]	409
Lease liabilities	765
Current tax	1
Post-employment benefit obligations	34
Provisions	50
Net book value of assets disposed	**(3,084)**
Currency translation reserve recycled to income statement	413
Gain before tax on disposal of Thailand and Malaysia	**5,197**
Taxation[e]	67
Gain after tax on disposal of Thailand and Malaysia	**5,264**

(a) Gross proceeds of $10,735m translated at the exchange rate at the date of the transaction of 1.35235 USD to £ Sterling.
(b) The fair value gain on derivative contracts of £295m and option premiums paid of £(243)m relate to derivative contracts entered into by the Group to economically hedge the foreign exchange risk on the USD disposal proceeds.
(c) Total costs associated with the sale of the business, share consolidation and special dividend amounted to £139m, of which £10m were expensed in the prior financial year, £122m have been charged within costs to sell, £3m of costs associated with the special dividend and share consolidation have been charged within equity as a cost of the special dividend and £4m relating to employee share schemes have been charged within exceptional operating profit of continuing operations. The £122m costs associated with the transaction incurred in the current financial year includes £8m of associated stamp duty and £55m paid to the minority shareholder of Tesco Malaysia in relation to certain rights attached to the shares, with the balance relating to advisor and associated transaction costs.
(d) Cash and cash equivalents include £(658)m of intercompany loans payable to Thailand and settled prior to completion. Borrowings of £409m are with respect to borrowings incurred by Malaysia with the funds subsequently used to repay intercompany loans due from Malaysia immediately prior to completion. Net intercompany loans repaid at completion £(249)m.
(e) Taxation includes £60m tax credit related to cost of hedging and a £7m tax credit recycled from equity.

Note that for 2021 disclosure is made with regard to tax on discontinued trading itself, exceptional items (albeit £nil), disposal of liabilities and on the disposal itself. There are four separate disclosures in this note as a result.

For 2020 the disclosure was:

Note 7 Discontinued operations and assets classified as held for sale

Assets classified as held for sale

	2020 £m	2019 £m
Assets classified as held for sale	285	98

The assets classified as held for sale consist mainly of properties in the UK and Central Europe due to be sold within one year and the remaining assets of Tesco Bank's mortgage operations of £45m (2019: £nil). Refer to Note 1 Critical accounting judgements for further details on the mortgage book disposal.

Discontinued operations

During the current financial year, the Group reached a settlement with the Chinese tax authority relating to a withholding tax liability arising on the formation of the Gain Land Limited associate with China Resources Holdings in 2014. As a result of the settlement, the Group has released the remaining withholding tax liability of £38m - this has been classified within discontinued operations, consistent with the classification of the original withholding tax liability in 2014. Refer to Note 4 for further details.

In this year the tax disclosure is hidden in a narrative note and not separately identified.

I. Debtor notes

Note 18 Trade and other receivables

	2020 £m	2019 (restated) £m
Trade receivables	495	598
Prepayments	192	279
Accrued income[a]	262	297
Other receivables	439	449
Amounts owed by joint ventures and associates (Note 31)[b]	174	170
Total trade and other receivables	**1,562**	**1,793**
Of which:		
Current	1,396	1,550
Non-current	166	243
	1,562	**1,793**

[a] Accrued income includes contract assets of £60m (2019: £54m) primarily related to insurance renewal income. The expected credit loss was immaterial as at 29 February 2020 (2019: immaterial).

[b] Expected credit losses on amounts owed by joint ventures and associates is not material.

Trade and other receivables include commercial income. Refer to Note 22. Trade and other receivables are generally non-interest-bearing. Credit terms vary by country and the nature of the debt, ranging from seven to 60 days.

The tables below present the ageing of receivables and related allowances for expected credit losses:

At 29 February 2020	Not past due £m	Up to six months past due £m	Six to 12 months past due £m	Greater than 12 months past due £m	Total £m
Trade receivables	438	70	6	15	529
Other receivables	431	7	4	17	459
Trade and other receivables	**869**	**77**	**10**	**32**	**988**
Allowance for expected credit losses:					
At the beginning of the year	**(5)**	**(11)**	**(14)**	**(29)**	**(59)**
Foreign currency translation	–	1	–	–	1
Increase in allowance, net of recoveries, charged to the Group income statement	(2)	–	4	(3)	(1)
Amounts written off	–	1	2	2	5
At the end of the year	**(7)**	**(9)**	**(8)**	**(30)**	**(54)**

At 23 February 2019	Not past due £m	Up to six months past due £m	Six to 12 months past due £m	Greater than 12 months past due £m	Total £m
Trade receivables	499	106	18	17	640
Other receivables	435	16	2	13	466
Trade and other receivables	**934**	**122**	**20**	**30**	**1,106**
Allowance for expected credit losses:					
At the beginning of the year	**(3)**	**(10)**	**(16)**	**(17)**	**(46)**
Increase in allowance, net of recoveries, charged to the Group income statement	(2)	(2)	–	(17)	(21)
Amounts written off	–	1	2	5	8
At the end of the year	**(5)**	**(11)**	**(14)**	**(29)**	**(59)**

J. Creditor notes

Note 21 Trade and other payables

	2020 £m	2019 (restated) £m
Trade payables	5,579	5,750
Other taxation and social security	477	521
Other payables	1,793	1,552
Amounts payable to joint ventures and associates (Note 31)	26	20
Accruals	841	1,230
Contract liabilities	376	423
Total trade and other payables	**9,092**	**9,496**
Of which:		
Current	8,922	9,131
Non-current	170	365
	9,092	**9,496**

Trade and other payables are net of commercial income. Refer to Note 22.

Contract liabilities represent consideration received for performance obligations not yet satisfied, predominantly in relation to Clubcard points. Substantially all of the revenue deferred at the current financial year end will be recognised in the following financial year.

Trade payables include £393m (2019: £348m) that suppliers have chosen to early-fund under supplier financing arrangements. Refer to Note 1. Amounts in trade payables that are overdue for payment to the provider banks are immaterial.