

Tesco suspends staff and launches inquiry into profit overstatement

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Supermarket giant Tesco has issued a shock trading statement in which it admitted to identifying an estimated £250m overstatement of its expected interim profits – an inaccuracy it has attributed to the accelerated recognition of commercial income and delayed accrual of costs.

The retailer issued guidance last month for group profits covering the six months to 23 August. At the time, it said trading profit was expected to come in at around £1.1bn, but a statement issued today said that number had been overestimated.

The group said it had asked Deloitte to undertake an independent and comprehensive review of the issues in co-operation with Tesco's legal adviser Freshfields.

Newly-arrived chief executive Dave Lewis said: "We have uncovered a serious issue and have responded accordingly."

He said both he and chairman Richard Broadbent had acted quickly to establish a comprehensive independent investigation.

"The board, my colleagues, our customers and I expect Tesco to operate with integrity and transparency and we will take decisive action as the results of the investigation become clear," he said.

Tesco confirmed four of Tesco's executives had been suspended while the investigations continued. A spokeswoman would not confirm reports that Tesco UK's managing director Chris Bush and UK finance director Carl Rogberg were among them. Robin Terrell, who runs the company's online business is reported to have been put in charge of the UK business.

A spokeswoman said that as far as she was aware no property issues formed part of the investigation. She did not give a timescale for the probe except to say it would take "as long as needed".

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