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**SPEN HILL MANAGEMENT LIMITED**  
**(formerly Spen Hill Investments Limited)**

**REPORT AND ACCOUNTS**

**22 FEBRUARY 1997**



**SPEN HILL MANAGEMENT LIMITED**  
**(formerly Spen Hill Investments Limited)**

**DIRECTORS' REPORT**

The directors present their report and audited accounts for the 52 weeks ended 24 February 1997.

**REVIEW OF THE BUSINESS**

The company did not trade during the period. On 29 September 1997, the Company changed its name from Spen Hill Investments Limited to Spen Hill Management Limited.

**RESULTS AND DIVIDENDS**

During the period the company has not traded and has not incurred any liabilities and consequently has made neither profit nor loss.

**DIRECTORS AND THEIR INTERESTS**

The following directors served during the year:-

R.S. Ager  
P.V. Mercer

None of the directors had any interest in the share capital of the company during the year.

Mr R S Ager is a director of Tesco PLC and, as such, his disclosable interests in Tesco PLC are declared in the accounts of that company.

For the director who was not also a director of the ultimate holding company, his interests and those of his family in the shares of Tesco PLC are given below :-

	Ordinary Shares		Share Options*	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
P V Mercer	8,871	1,922	185,640	167,267

\* Executive share option scheme (1984) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and accounts of Tesco PLC.

**RESPONSIBILITIES OF DIRECTORS**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 6 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.


**SPEN HILL MANAGEMENT LIMITED**  
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**DIRECTORS' REPORT** continued

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board 10 December 1997

  
J.A. BAILEY FCIS ACIB  
Secretary

Spen Hill Management Limited  
(formerly Spen Hill Investments Limited)  
Registered Number 2460426

*Price Waterhouse*



AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPEN HILL MANAGEMENT LIMITED  
(formerly Spen Hill Investments Limited)

We have audited the financial statements on Pages 4 to 6 which have been prepared under the historical cost convention, and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As set out on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which are considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 22 February 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE  
10 Bricket Road  
St Albans  
Herts AL1 3JX  
Chartered Accountants  
and Registered Auditors

10 December 1997

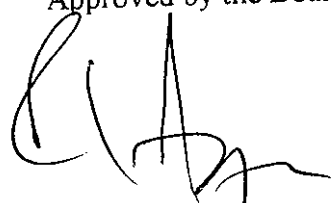
**SPEN HILL MANAGEMENT LIMITED**  
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**BALANCE SHEET AS AT 22 FEBRUARY 1997**

	<u>NOTE</u>	<u>1997</u> £	<u>1996</u> £
CURRENT ASSETS			
Debtors	3	2	2
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2	2
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit & Loss Account		-	-
		<hr/>	<hr/>
		2	2
		<hr/>	<hr/>

The company was dormant (within the meaning of section 250 of the Companies Act 1985) throughout the period ended 22 February 1997.

Approved by the Board on 10 December 1997.

  
DIRECTOR  
R. S. Agg.

The notes on pages 5 and 6 form part of these accounts.

**SPEN HILL MANAGEMENT LIMITED**  
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NOTES TO THE ACCOUNTS 22 FEBRUARY 1997

1. ACCOUNTING POLICIES

Basis of Accounts

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention and are in accordance with the Companies Act 1985.

In accordance with paragraph 8c of FRS 1, the company being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flow of this company, has not prepared such a statement itself.

2. RESULTS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company has not traded during the 52 weeks ended 22 February 1997, has not incurred any liabilities and consequently has made neither profit nor loss. None of the directors received any emoluments in respect of their services to the company.

3. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts owed by group undertakings	2	2
	<u>          </u>	<u>          </u>

4. CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Ordinary shares of £1 each		
Authorised	1000	1000
issued and fully paid	2	2
	<u>          </u>	<u>          </u>

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5. HOLDING COMPANY

The company is a wholly owned subsidiary of Spen Hill Properties (Holdings) PLC.

The ultimate holding company is Tesco PLC which is a company incorporated in Great Britain. Copies of the group accounts can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

6. RELATED PARTY DISCLOSURES

Transactions with other companies within the group are not disclosed as the company was taking advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures", as the consolidated accounts of Tesco PLC in which the company is included are available at the address noted above.