

SPEN HILL MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered Number: 2460426



SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

The Directors present their report and the audited financial statements of Spen Hill Management Limited (the "Company") for the 52 week period ended 26 February 2011 (prior period 52 weeks ended 27 February 2010)

Business review and principal activities

The principal activity of the Company is to manage the property owners' interests in the properties and to provide services in accordance with the terms of the Property Pool Management Agreements for Tesco joint ventures and certain other property owners. There has been no significant change in the nature or level of this activity during the period and we do not expect this to change significantly throughout the next financial year.

Results and dividends

The results for the period show a pre-tax loss of £318,145 (2010 result of £nil) and sales of £2,697,626 (2010 £2,112,552).

The Directors do not recommend a payment of a dividend for the 52 weeks ended 26 February 2011 (2010 £nil).

Principal risks and uncertainties

The principal risks relate to the recoverability of management and insurance fees.

To manage this risk the Company periodically reviews the financial position of the entities the Company supplies insurance and management services to.

Going concern

It is the current intention of the parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due, and to carry on its business without any significant curtailment of operations during the forthcoming year. Accordingly the accounts have been prepared on a going concern basis.

Charitable and political contributions

There were no charitable or political donations for the period (2010 £nil).

Future outlook

The Company's performance is expected to improve throughout the next financial period.

Key performance indicators (KPIs)

Given the straight forward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Research and development

The Company does not undertake any research and development activities (2010 £nil).

Supplier payment policy

The Company pays its suppliers directly.

The Company's ultimate parent company, Tesco PLC, is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at www.promptpaymentcode.org.uk. Payment terms and conditions are agreed with suppliers in advance. Tesco PLC has no trade creditors on its Balance Sheet. The Group pays its creditors on a pay on time basis which varies according to the type of product and territory in which the suppliers operate.

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

Employees

The Company had no employees during the period (2010 none)

Directors and their interests

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

J Lloyd
L Neville-Rolfe
S Rigby

Save as set out below, none of the Directors had any disclosable interests in the Company during this period

L Neville-Rolfe is a director of Tesco PLC, the Company's ultimate parent company, and as such her disclosable interests in Tesco PLC are all declared in the financial statements of that company

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 director listed above and the Tesco PLC company secretary (who is also a Director 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 may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial period

Cautionary statement regarding forward-looking information

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

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

Statement of Directors' responsibilities

Directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations

The Companies Act 2006 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). Under the Companies Act 2006, 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 those 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 confirm that they have complied with the above requirements in preparing the financial statements.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each Director who is a director of the Company at the date of approval of this Annual Report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

20 October 2011



J Lloyd
Director

Spenn Hill Management Limited

Registered Number 2460426

Registered office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPEN HILL MANAGEMENT LIMITED

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 892333

We have audited the Company financial statements of Spen Hill Management Limited for the 52 weeks ended 26 February 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 26 February 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Beer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
20 October 2011

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SPEN HILL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

	Notes	52 weeks to 26 February 2011 £	52 weeks to 27 February 2010 £
Turnover		2,697,626	2,112,552
Cost of sales		(2,697,626)	(2,112,552)
Gross profit		-	-
Administrative expenses		(318,553)	
Operating loss	2	(318,553)	
Interest receivable and similar income	3	408	
Loss on ordinary activities before taxation		(318,145)	-
Tax on loss on ordinary activities	4	-	-
Loss for the financial period	8,9	(318,145)	-

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

There are no material differences between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 8 to 12 form part of these financial statements

SPEN HILL MANAGEMENT LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2011

	Notes	26 February 2011 £	27 February 2010 £
Current assets			
Debtors – due within one year	5	1,863,477	2,882,442
Cash at bank and in hand		1,930,586	1,927,022
		3,794,063	4,809,464
Creditors – amounts falling due within one year	6	(4,112,206)	(4,809,462)
Net current (liabilities)/assets		(318,143)	2
Net (liabilities)/assets		(318,143)	2
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	(318,145)	-
Total equity shareholders' deficit	9	(318,143)	2

The financial statements on pages 6 to 12 were approved by the board of Directors on 20 October 2011 and were signed on its behalf by



J Lloyd
Director
Spenn Hill Management Limited
Registered Number 2460426

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period and are set out below.

Cash flow statement

The Company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements".

Turnover

The company provides property and financial management services for which it charges an annual fee outlined by each individual Property Pool Management Agreement.

Current taxation

The amount included in the Profit and Loss Account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

Group relief on taxation

The Company will receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

Going concern

It is the current intention of the parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due, and to carry on its business without any significant curtailment of operations during the forthcoming year. Accordingly the accounts have been prepared on a going concern basis.

2. OPERATING LOSS

The Directors received no emoluments for their services to the Company (2010: £nil).

The Company had no employees during the period.

The auditors' remuneration for the current period and prior period was borne by another group company.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 26 February 2011 £	52 weeks to 27 February 2010 £
Interest receivable on bank deposits	408	-
	408	-

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

4. TAX ON LOSS ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The overall corporation tax rate for the company for the full year is 28% (2010 28%)

	52 weeks to 26 February 2011 £	52 weeks to 27 February 2010 £
Current tax:		
UK Corporation tax on result for the financial period	-	-
Total current tax	-	-
Tax on loss on ordinary activities	-	-

The tax assessed for the period is higher than (2010 the same as) the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	52 weeks to 26 February 2011 £	52 weeks to 27 February 2010 £
Loss on ordinary activities before tax	(318,145)	-
Loss on ordinary activities multiplied by standard rate in the UK 28% (2010 28%)	(89,081)	-
Effects of		
Expenses not deductible for tax purposes	89,242	-
Group relief claimed without payment	(161)	-
Current tax charge for the financial period	-	-

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

5. DEBTORS - DUE WITHIN ONE YEAR

	26 February 2011 £	27 February 2010 £
Trade debtors	1,802,577	2,458,220
Other debtors	60,900	424,222
	1,863,477	2,882,442

6. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	26 February 2011 £	27 February 2010 £
Amounts owed to group undertakings	4,042,084	4,809,462
Accruals and deferred income	18,372	-
Other creditors	51,750	-
	4,112,206	4,809,462

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

7. CALLED UP SHARE CAPITAL

	26 February 2011 £	27 February 2010 £
Allotted, called up and fully paid		
2 (2010 2) Ordinary shares of £1 each	2	2
	2	2

8. RESERVES

	Profit and loss reserve £
At as 28 February 2010	-
Loss for the financial period	(318,145)
As at 26 February 2011	(318,145)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT AS AT 26 FEBRUARY 2011

	2011 £	2010 £
Loss for the financial period	(318,145)	-
Net reductions to shareholders' funds	(318,145)	-
Opening shareholders' funds	2	2
Closing shareholders' deficit	(318,143)	2

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertakings are Tesco PLC and Spen Hill Properties (Holdings) PLC

The Company's ultimate parent undertaking and controlling party is Tesco PLC. Tesco PLC is registered in England and Wales and copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

11. RELATED PARTY TRANSACTIONS

Transactions with other subsidiary companies within the Tesco PLC Group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

Entity	Relationship	Transaction
Mourant Property Trustees	Joint Venture of ultimate parent undertaking	The Company received £538,560 (2010 £410,215) for Asset Management Fees
The Tesco Aqua Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £113,803 (2010 £105,000) for Property Pool Management Fees
The Tesco British Land Holdings Limited	Joint Venture of ultimate parent undertaking	The Company received £257,971 (2010 £224,758) for Management Fees
The Tesco British Land Property Partnership	Joint Venture of ultimate parent undertaking	The Company received £67,824 (2010 £482,868) for Management Fees
The Tesco Red Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £86,038 (2010 £80,000) for Property Pool Management Fees
The Tesco Coral Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £78,559 (2010 £53,181) for Property Pool Management Fees
The Tesco Atrato Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £324,063 (2010 £104,833) for Property Management Fees
The British Land Tesco Partnership	Joint Venture of ultimate parent undertaking	The Company received £264,410 (2010 £82,222) for Property Pool Management Fees
The Brookmaker Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £41,357 (2010 £63,343) for Property Pool Management Fees
Prudential Annuities Limited (Teal)	Joint Venture of ultimate parent undertaking	The Company received £96,965 (2010 £93,757) for Property Pool Management Fees
The Tesco Bronze Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £61,500 (2010 £59,953) for Property Management Fees
The Tesco Jade Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £50,385 (2010 £44,585) for Property Pool Management Fees
The Tesco Magenta Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £47,904 (2010 £46,261) for Property Pool Management Fees

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

11. RELATED PARTY TRANSACTIONS (continued)

Entity	Relationship	Transaction
The Tesco Maroon Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £46,125 (2010 £19,340) for Property Management Fees
Shopping Centres Limited	Joint Venture of ultimate parent undertaking	The Company received £115,816 (2010 £90,398) for Property Pool Management Fees
The Teesport Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £17,869 (2010 £9,917) for Property Pool Management Fees
The Tesco Blue Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £232,297 (2010 £128,917) for Property Pool Management Fees
The Tesco Passaic Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £328,000 (2010 £nil) for Property Pool Management Fees