

SPEN HILL MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

Registered Number: 02460426



SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 27 February 2010

The directors present their report and the audited financial statements of Spen Hill Management Limited (the "company") for the 52 week period ended 27 February 2010. The financial period represents 52 weeks ended 27 February 2010 (Prior year 53 weeks ended 28 February 2009).

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 period.

The results for the period show a pre-tax result of £nil (2009 £nil). The directors do not recommend the payment of a dividend (2009 £nil).

The company has net assets of £2 (2009 £2).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Tesco PLC and are not managed separately. These risks are discussed on page 41 of the Tesco PLC group annual report for the 52 weeks ended 27 February 2010 which does not form part of this report.

Charitable and political donations

There were no charitable and political donations for the period (2009 none).

Future outlook

The company's performance is expected to continue throughout the next financial period and it is hoped that the current performance levels will be maintained.

Key performance indicators

Given the straightforward 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.

Supplier payment policy

The company pays its own suppliers.

Tesco PLC is a signatory to the Prompt Payment Code. 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.

Employees

The company had no employees during the period (2009 none).

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 27 February 2010 (continued)

Directors and their interests

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

S Rigby (appointed 22 June 2009)
J Lloyd
L Neville-Rolfe

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

L Neville-Rolfe is also a director of Tesco PLC, the company's ultimate parent company, and as such her disclosable interest in Tesco PLC is 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 this 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 year

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

Directors' Report for the 52 weeks ended 27 February 2010 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. 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). The financial statements are required by law to 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 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, in which case there will be supporting assumptions or qualifications as necessary

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 and 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.

Statement on disclosure of information to auditors

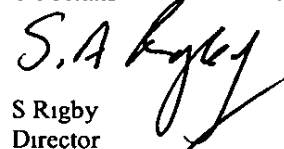
Each director who is a director of the company at the date of approval of this Annual Report confirms that

- 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 Spen Hill Management Limited, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board 25 November 2010



S Rigby
Director
Spen Hill Management Limited
Registered number 02460426

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 845039

We have audited the financial statements of Spen Hill Management Limited for the 52 weeks ended 27 February 2010 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 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 27 February 2010 and of its result for the 52 weeks 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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

25 November 2010

SPEN HILL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

	Notes	52 weeks to 27 February 2010 £	53 weeks to 28 February 2009 £
Turnover	1	2,112,552	1,460,899
Cost of sales		(2,112,552)	(1,460,899)
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities	3	-	-
Retained profit for the financial period		-	-

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 profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents

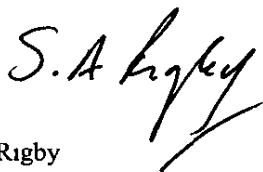
All operations are continuing for the financial period

SPEN HILL MANAGEMENT LIMITED

BALANCE SHEET AS AT 27 FEBRUARY 2010

	Notes	27 February 2010 £	28 February 2009 £
Current assets			
Debtors - due within one year	4	2,882,442	1,832,298
Cash at bank and in hand		1,927,022	3,651,982
		4,809,464	5,484,280
Creditors – amounts falling due within one year	5	(4,809,462)	(5,484,278)
Net current assets		2	2
Net assets		2	2
Capital and reserves			
Called up share capital	6	2	2
Total equity shareholder's funds		2	2

The financial statements on pages 6 to 10 were approved by the board of directors on 25 November 2010 and were signed on its behalf by



S Rigby
Director
Spenn Hill Management Limited
Registered number 02460426

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

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.

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.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The directors received no emoluments for their services to the company (2009: £nil).

The company had no employees during the period (2009: none).

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

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. The overall corporation tax rate for the company for the full year is 28% (2009: blended rate of 28.2%).

	52 weeks to 27 Feb 2010 £	53 weeks to 28 Feb 2009 £
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-

The tax assessed for the period is the same as (2009: the same as) the standard rate of corporation tax in the UK of 28% (2009: blended rate of 28.2%).

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (continued)

4. DEBTORS - DUE WITHIN ONE YEAR

	27 February 2010	28 February 2009
	£	£
Trade debtors	2,458,220	1,691,530
Prepayments and accrued income	424,222	140,768
	2,882,442	1,832,298

5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 February 2010	28 February 2009
	£	£
Amounts due to group undertakings	4,809,462	5,484,278
	4,809,462	5,484,278

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

6. CALLED UP SHARE CAPITAL

	27 February 2010	28 February 2009
	£	£
Authorised		
1,000 (2009 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 (2009 2) ordinary shares of £1 each	2	2

7. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The company's ultimate parent undertaking and controlling party is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. 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

8. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the company is included, are available at the address noted above

Entity	Relationship	Transaction
Mourant Property Trustees	Joint Venture of ultimate parent undertaking	The company received £410,215 (2009 £395,648) for Asset Management Fees
The Tesco Aqua Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £105,000 (2009 £105,000) for Property Pool Management Fees
The Tesco British Land Holdings Limited	Joint Venture of ultimate parent undertaking	The company received £224,758 (2009 £468,678) for Management Fees
The Tesco British Land Property Partnership	Joint Venture of ultimate parent undertaking	The company received £482,868 (2009 £256,619) for Management Fees

SPEN HILL MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27
FEBRUARY 2010 (continued)****8. RELATED PARTY TRANSACTIONS (continued)**

Entity	Relationship	Transaction
The Tesco Red Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £80,000 (2009 £80,000) for Property Pool Management Fees
The Tesco Coral Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £53,181 (2009 £25,833) for Property Pool Management Fees
The Tesco Atrato Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £104,833 (2009 £nil) for Property Pool Management Fees
The British Land Tesco Partnership	Joint Venture of ultimate parent undertaking	The company received £82,222 (2009 £nil) for Property Pool Management Fees
The Brookmaker Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £63,343 (2009 £nil) for Property Pool Management Fees
Prudential Annuities Limited (Teal)	Joint Venture of ultimate parent undertaking	The company received £93,757 (2009 £89,298) for Property Pool Management Fees
The Tesco Bronze Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £59,953 (2009 £10,833) for Property Pool Management Fees
The Tesco Jade Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £44,585 (2009 £9,615) for Property Pool Management Fees
The Tesco Magenta Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £46,261 (2009 £19,375) for Property Pool Management Fees
The Tesco Maroon Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £19,340 (2009 £nil) for Property Pool Management Fees
Shopping Centres Limited	Joint Venture of ultimate parent undertaking	The company received £90,398 (2009 £nil) for Property Pool Management Fees
The Teesport Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £9,917 (2009 £nil) for Property Pool Management Fees
The Tesco Blue Limited Partnership	Joint Venture of ultimate parent undertaking	The company received £128,917 (2009 £nil) for Property Pool Management Fees