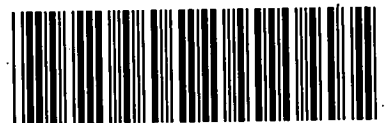


SPEN HILL MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

Registered Number: 2460426

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SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

The Directors present their report and the audited financial statements of Spen Hill Management Limited (the "Company") for the 52 weeks ended 22 February 2014 (prior: 52 weeks ended 23 February 2013).

Business review and principal activities

The principal activity of the Company is to manage the property owners' interests in a portfolio of 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.

Results and dividends

The results for the period show a pre-tax profit, and retained profit of £nil (2013: £1,690) and sales of £3,863,387 (2013: £3,403,247).

The Directors do not recommend a payment of a dividend for the 52 weeks ended 22 February 2014 (2013: £nil).

Principal risks and uncertainties

The principal risks relate to the recoverability of management, accountancy and insurance fees. To manage this risk the Company periodically reviews the financial position of the entities to which the Company provides these services.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group (the "Group") and are not managed separately. Accordingly, the principle risks and uncertainties of the Group, which include the Company, are discussed on pages 20-24 of the Tesco PLC Group Annual Report for the 52 weeks ending 22 February 2014 which does not form part of this Report.

Going concern

It is the current intention of the parent undertakings 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.

Political contributions

There were no political donations for the period (2013: £nil).

Future outlook

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

The Company's future developments form a part of the Group's long-term strategy, which is discussed in the Group's Annual Report for the 52 weeks ended 22 February 2014, which does not form part of this Report.

Key performance indicators (KPIs)

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 (2013: none).

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

Employees

The Company had no employees during the period (2013: none).

Directors and their interests

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

J Lloyd

H Lu (resigned 24 October 2014)

Tesco Services Limited

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

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 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, Tesco PLC maintained a directors' and officers' liability insurance policy throughout the financial period.

Strategic Report

The Directors have taken advantage of the exemption provided by section s414 (b) of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013) from preparing a Strategic Report.

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law 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 these 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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.

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 auditor of the Company, PricewaterhouseCoopers LLP, is proposed for reappointment.

On behalf of the Board

5 November 2014



J Lloyd
Director

Spenn Hill Management Limited

Registered Number: 2460426

Registered Office: Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

SPEN HILL MANAGEMENT LIMITED

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 22 February 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements for the 52 weeks ended 22 February 2014, which are prepared by Spen Hill Management Limited, comprise:

- the Balance Sheet as at 22 February 2014;
- the Income Statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on matter 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

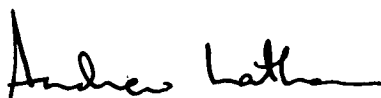
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 ISAs (UK & 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.



Andrew Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

5th November 2014

SPEN HILL MANAGEMENT LIMITED**INCOME STATEMENT FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014**

	Notes	52 weeks to 22 February 2014 £	52 weeks to 23 February 2013 £
Turnover		3,863,387	3,403,247
Cost of sales		(3,863,387)	(3,403,247)
Gross profit		-	-
Other operating income		-	-
Administrative expenses		-	(108)
Operating profit/(loss)	3	-	(108)
Interest receivable and similar income	4	-	1,798
Profit on ordinary activities before taxation		-	1,690
Tax	5	-	-
Profit for the period	9,10	-	1,690

There are no recognised gains or losses other than those shown in the Income Statement above.

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

All operations are continuing for the financial period.

The notes on pages 7 to 11 form part of these financial statements.

SPEN HILL MANAGEMENT LIMITED

BALANCE SHEET AS AT 22 FEBRUARY 2014

	Notes	22 February 2014 £	23 February 2013 £
Current assets			
Debtors	6	4,884,166	4,965,513
Cash at bank and in hand		7,862,824	3,135,024
		12,746,990	8,100,537
Creditors: amounts falling due within one year	7	(13,062,076)	(8,415,623)
Net current liabilities		(315,086)	(315,086)
Net liabilities		(315,086)	(315,086)
Capital and reserves			
Share capital	8	2	2
Profit and loss account	9	(315,088)	(315,088)
Total equity	10	(315,086)	(315,086)

The financial statements on pages 5 to 11 were approved by the board of Directors on 5 November 2014 and were signed on its behalf by:



J Lloyd
Director

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Spen Hill Management Limited (the "Company") for the period ended 22 February 2014 were authorised for issue by the Board of Directors on 5 November 2014 and the balance sheet was signed on the Board's behalf by J Lloyd. Spen Hill Management Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 11 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the company prepared in accordance with FRS 101. The company's date of transition to FRS 101 is 22 February 2014. The company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

The disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

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 Income statement 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 may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Income statement.

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

2. ACCOUNTING POLICIES (continued)

Going concern

It is the intention of the parent undertakings 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.

3. OPERATING PROFIT/(LOSS)

The Directors received no emoluments for their services to the Company (2013: £nil).

The Company had no employees during the period (2013: none).

The auditors' remuneration for the current period and prior period was borne by Tesco Stores Limited.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 22 February 2014 £	52 weeks to 23 February 2013 £
Bank Interest receivable	-	1,798
Total interest receivable and similar income	-	1,798

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 24% to 23% with effect from 1 April 2013. This gives an overall blended Corporation Tax rate for the company for the full year of 23.1 %.

	52 weeks to 22 February 2014 £	52 weeks to 23 February 2013 £
Current tax:		
UK Corporation tax on result for the financial period	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is the same as (2013: lower than) the blended rate of corporation tax in the UK of 23.1% (2013: 24.2%). The differences are explained below:

	52 weeks to 22 February 2014 £	52 weeks to 23 February 2013 £
Profit on ordinary activities before tax	-	1,690
Profit on ordinary activities multiplied by the blended rate in the UK 23.1% (2013: 24.2%)	-	409
Effects of:		
Group relief claimed without payment	-	(409)
Current tax charge for the financial period	-	-

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The Finance Act 2012 included legislation to reduce the main rate of UK corporation tax from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013. In the December 2012 Budget Statement it was announced that the UK rate would be reduced from 23% to 21% from 1 April 2014 and in the March 2013 Budget Statement it was announced that the rate would be further reduced to 20% by 1 April 2015. These further rate reductions were substantively enacted by the balance sheet date and are therefore included in these financial statements.

6. DEBTORS

	22 February 2014 £	23 February 2013 £
Trade debtors	2,034,164	2,115,511
Amounts owed by group undertakings	2,850,002	2,850,002
	4,884,166	4,965,513

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

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	22 February 2014 £	23 February 2013 £
Amounts owed to group undertakings	13,032,420	8,313,576
Accruals and deferred income	29,656	29,015
Other creditors	-	73,032
	13,062,076	8,415,623

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

8. CALLED UP SHARE CAPITAL

	22 February 2014 £	23 February 2013 £
Allotted, called up and unpaid:		
2 Ordinary shares of £1 each (2013: 2)	2	2
	2	2

9. RESERVES

	Profit and loss account £
At as 24 February 2013	(315,088)
Profit for the financial period	-
As at 22 February 2014	(315,088)

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 22 FEBRUARY 2014

	2014 £	2013 £
Profit for the financial period	-	1,690
Net increase in shareholder's funds	-	1,690
Opening shareholder's deficit	(315,086)	(316,776)
Closing shareholder's deficit	(315,086)	(315,086)

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The Company is included within these group accounts which are publicly available and can be obtained from the Company Secretary, Tesco PLC, Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Transactions between the Company and its associates are disclosed below:

Entity	Relationship	Transaction
The Blackpool Unit Trust	Joint Venture of ultimate parent undertaking	The Company received £87,444 (2013: £67,006) for property management fees. At the year end the Company was owed £16,808.
The Broadstairs Unit Trust	Joint Venture of ultimate parent undertaking	The Company received £215,095 (2013: £106,747) for property management fees. At the year end the Company was owed £28,590.
The Coventry Unit Trust	Joint Venture of ultimate parent undertaking	The Company received £381,389 (2013: £160,952) for property management fees. At the year end the Company was owed £77,133.
The Tesco Aqua Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £134,839 (2013: £133,417) for property management and accounting fees. At the year end the Company was owed £66,475.
The Tesco British Land Holdings Limited	Joint Venture of ultimate parent undertaking	The Company received £222,614 (2013: £218,491) for property management fees.
The Tesco British Land Property Partnership	Joint Venture of ultimate parent undertaking	The Company received £58,087 (2013: £66,687) for property management fees.
The Tesco Red Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £184,950 (2013: £43,019) for property management fees.
The Tesco Coral Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £67,382 (2013: £65,636) for property management fees.
The Tesco Atrato Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £283,832 (2013: £139,453) for property management fees. At the year end the Company was owed £292,610.
The British Land Tesco Partnership	Joint Venture of ultimate parent undertaking	The Company received £190,790 (2013: £240,080) for property management fees. At the year end the Company was owed £56,607.
The Brookmaker Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £214,560 (2013: £282,520) for property management fees. At the year end the Company was owed £89,400.

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 22 FEBRUARY 2014 (continued)

12. RELATED PARTY TRANSACTIONS (continued)

The Tesco Blue Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £226,456 (2013: £213,373) for property management fees. At the year end the Company was owed £108,948.
The Tesco Passaic Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £734,691 (2013: £692,255) for property management fees. At the year end the Company was owed £353,458.
The Tesco Navona Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £419,989 (2013: £379,469) for property management fees. At the year end the Company was owed £184,215.
The Tesco Jade Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £49,729 (2013: £90,553) for property management and accounting fees. At the year end the Company was owed £11,650.
Shopping Centres Limited	Joint Venture of ultimate parent undertaking	The Company received £129,700 (2013: £159,472) for property management and accounting fees.
The Teesport Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £17,412 (2013: £16,410) for property management fees. At the year end the Company was owed £8,377.
The Tesco Sarum Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £182,375 (2013: £102,426) for property management fees. At the year end the Company was owed £87,627.
The Tesco Dorney Limited Partnership	Joint Venture of ultimate parent undertaking	The Company received £149,041 (2013: £nil) for property management fees. At the year end the Company was owed £131,607.