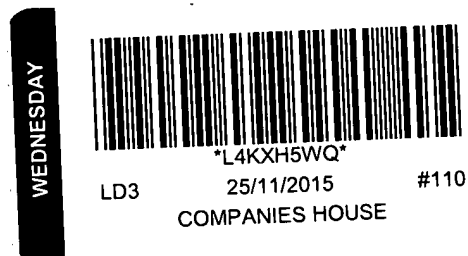


**SPEN HILL MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015**

Registered Number: 2460426



# **SPEN HILL MANAGEMENT LIMITED**

## **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015**

The Directors present their report and the audited financial statements of Spen Hill Management Limited (the "Company") for the 53 weeks ended 28 February 2015 (prior period: 52 weeks ended 22 February 2014).

### **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 of £nil, and retained profit of £nil (2014: £nil) and sales of £3,915,392 (2014: £3,863,387).

The Directors do not recommend a payment of a dividend for the 53 weeks ended 28 February 2015 (2014: £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 22-25 of the Tesco PLC Group Annual Report for the 53 weeks ending 28 February 2015 which does not form part of this Report.

### **Political contributions**

There were no political donations for the period (2014: £nil).

### **Future outlook**

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

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 53 weeks ended 28 February 2015, 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.

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Company, is discussed as part of the Tesco PLC Annual Report 2015 which does not form part of this Report.

### **Research and development**

The Company does not undertake any research and development activities (2014: none).

### **Employees**

The Company had no employees during the period (2014: none).

## **SPEN HILL MANAGEMENT LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)**

#### **Directors and their interests**

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

J Lloyd	(Resigned on 23 January 2015)
Tesco Services Limited	
J Gibney	(Appointed on 19 January 2015)
P Moore	(Appointed on 23 January 2015)
N Hunter	(Appointed on 30 March 2015, resigned on 30 October 2015)

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 and up to the date of approval of the financial statements.

#### **Strategic Report**

The Directors have taken advantage of the exemption provided by sections 414 (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 53 WEEKS ENDED 28 FEBRUARY 2015 (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 in writing 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.

On behalf of the Board

23 November 2015



P. Moore  
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, Spen Hill Management Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its result for the 53 week period (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.

#### What we have audited

Spen Hill Management Limited's financial statements comprise:

- the balance sheet as at 28 February 2015;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity 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 the preparation of the financial statements 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.

### Opinion on other 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.

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.

#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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 Statement of Directors' responsibilities 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 International Standards on Auditing (UK and Ireland) ("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.

#### What an audit of financial statements involves

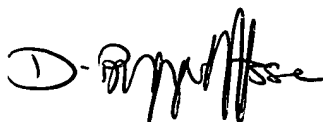
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and 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.



**Dasa Brynjolffssen (Senior Statutory Auditor)**  
**For and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**St Albans**

24 November 2015

# SPEN HILL MANAGEMENT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

	Notes	53 weeks to 28 February 2015 £	52 weeks to 22 February 2014 £
Turnover		3,915,392	3,863,387
Cost of sales		(3,915,392)	(3,863,387)
<b>Gross profit</b>		-	-
<b>Operating profit</b>	3	-	-
<b>Profit on ordinary activities before taxation</b>		-	-
Tax on profit on ordinary activities	4	-	-
<b>Profit and total comprehensive income for the period</b>		-	-

## STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015


	Notes	Equity share capital £	Retained earnings £	Total equity £
<b>At 23 February 2013</b>	2	(315,088)	(315,086)	
Total comprehensive income for the period	-	-	-	-
<b>At 22 February 2014</b>	2	(315,088)	(315,086)	
Total comprehensive income for the year	-	-	-	-
<b>At 28 February 2015</b>	2	(315,088)	(315,086)	

# SPEN HILL MANAGEMENT LIMITED

## BALANCE SHEET AS AT 28 FEBRUARY 2015

	Notes	28 February 2015 £	22 February 2014 £
<b>Current assets</b>			
Debtors	6	4,611,045	4,884,166
Cash at bank and in hand		300,370	7,862,824
		4,911,415	12,746,990
Creditors: amounts falling due within one year	7	(5,226,501)	(13,062,076)
<b>Net current liabilities</b>		<b>(315,086)</b>	<b>(315,086)</b>
<b>Net liabilities</b>		<b>(315,086)</b>	<b>(315,086)</b>
<b>Capital and reserves</b>			
Share capital	8	2	2
Profit and loss account		(315,088)	(315,088)
<b>Total equity</b>		<b>(315,086)</b>	<b>(315,086)</b>

The financial statements on pages 5 to 11 were approved by the board of Directors on 23 November 2015 and were signed on its behalf by:

  
 P. Moore  
 Director  
 Spenhill Management Limited  
 Registered Number: 2460426

23/11/15

# **SPEN HILL MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015**

### **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 28 February 2015 were approved by the board of directors on 23 November 2015 and the balance sheet was signed on the board's behalf by P Moore. 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 financial statements have been prepared under the historical cost convention and the Companies Act 2006.

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

The results of Tesco PLC are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

The principal accounting policies adopted by the Company are set out in note 2. These policies have been consistently applied to all periods presented unless otherwise stated.

### **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 9 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; 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.

#### **Changes in accounting policy and disclosures**

There are no IFRSs or IFRIC interpretations adopted for the first time in the current year which had a material impact on the company.

#### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The amount included in the Statement of Comprehensive Income is based on the profit 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.



## SPEN HILL MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

#### 2. ACCOUNTING POLICIES (continued)

##### 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 Statement of Comprehensive Income.

##### Going concern

With date of 13th November 2015 the shareholder has injected further £316,000 of share capital into the Company, extinguishing the net liability position as at 28th February 2015. As such the directors have reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

##### Revenue recognition

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

##### Debtors and creditors

Debtors and creditors including intercompany balances are non-interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 3. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2014: £nil).

The Company had no employees during the period (2014: none).

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

#### 4. 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 23% to 21% with effect from 1 April 2014. This gives an overall blended Corporation Tax rate for the company for the full year of 21.2 %.

	53 weeks to 28 February 2015 £	52 weeks to 22 February 2014 £
<b>Current tax:</b>		
UK Corporation tax on result for the financial period	-	-
<b>Total current tax</b>	-	-
Deferred tax	-	-
<b>Total deferred tax</b>	-	-
<b>Tax on income tax expense</b>	-	-

The tax assessed for the period is the same (2014: the same) as the blended rate of corporation tax in the UK of 21.2% (2014: 23.1%). The differences are explained below:

	53 weeks to 28 February 2015 £	52 weeks to 22 February 2014 £
<b>Profit on ordinary activities before tax</b>	-	-
Profit on ordinary activities multiplied by the blended rate in the UK 21.2% (2014: 23.1%)	-	-
<b>Total income tax charge for the year</b>	-	-

## SPEN HILL MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

#### 6. DEBTORS

	28 February 2015 £	22 February 2014 £
Trade debtors	1,761,043	2,034,164
Amounts owed by group undertakings	2,850,002	2,850,002
	4,611,045	4,884,166

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

	28 February 2015 £	22 February 2014 £
Amounts owed to group undertakings	5,206,405	13,032,420
Accruals and deferred income	20,096	29,656
	5,226,501	13,062,076

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

	28 February 2015 £	23 February 2014 £
Allotted, called up and unpaid:		
2 Ordinary shares of £1 each (2014: 2)	2	2
	2	2

#### 9. 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.

#### 10. EVENTS AFTER BALANCE SHEET DATE

On 13 November 2015, Tesco plc has injected a further £316,000 as Share Capital into the Company, extinguishing the Company's net liability position.

# SPEN HILL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

### 11. 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 charged £67,914 (2014: £87,444) for property management fees. At the year end the Company was owed £nil (2014: £16,808).
The Broadstairs Unit Trust	Joint Venture of ultimate parent undertaking	The Company charged £135,269 (2014: £215,095) for property management fees. At the year end the Company was owed £nil (2014: £28,590).
The Coventry Unit Trust	Joint Venture of ultimate parent undertaking	The Company charged £300,952 (2014: £381,389) for property management fees. At the year end the Company was owed £nil (2014: £77,133).
The Tesco British Land Holdings Limited	Joint Venture of ultimate parent undertaking	The Company charged £170,866 (2014: £222,614) for property management fees.
The Tesco British Land Property Partnership	Joint Venture of ultimate parent undertaking	The Company charged £43,610 (2014: £58,087) for property management fees.
The Tesco Red Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £98,035 (2014: £184,950) for property management fees.
The Tesco Coral Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £69,370 (2014: £67,382) for property management fees.
The Tesco Atrato Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £306,707 (2014: £283,832) for property management fees. At the year end the Company was owed £151,147 (2014: £292,610).
The British Land Tesco Partnership	Joint Venture of ultimate parent undertaking	The Company charged £253,784 (2014: £190,790) for property management fees. At the year end the Company was owed £nil (2014: £56,607).
The Brookmaker Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £372,600 (2014: £349,425) for property management fees. At the year end the Company was owed £nil (2014: £89,400).
The Tesco Blue Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £235,113 (2014: £226,456) for property management fees. At the year end the Company was owed £115,692 (2014: £108,948).
The Tesco Passaic Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £762,777 (2014: £734,691) for property management fees. At the year end the Company was owed £375,338 (2014: £353,458).
The Tesco Navona Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £399,027 (2014: £381,361) for property management fees. At the year end the Company was owed £195,539 (2014: £184,215).
The Tesco Jade Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £50,187 (2014: £49,729) for property management and accounting fees. At the year end the Company was owed £nil (2014: £11,650).
Shopping Centres Limited	Joint Venture of ultimate parent undertaking	The Company charged £182,055 (2014: £142,201) for property management and accounting fees.
The Teesport Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £18,078 (2014: £17,245) for property management fees. At the year end the Company was owed £8,896 (2014: £8,377).
The Tesco Sarum Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £189,807 (2014: £181,404) for property management fees. At the year end the Company was owed £93,013 (2014: £87,627).
The Tesco Dorney Limited Partnership	Joint Venture of ultimate parent undertaking	The Company charged £285,072 (2014: £280,648) for property management fees. At the year end the Company was owed £139,696 (2014: £131,607).