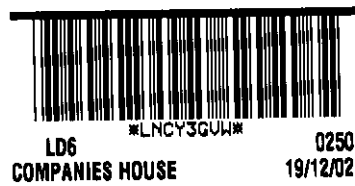


2460426

SPEN HILL MANAGEMENT LIMITED

REPORT AND ACCOUNTS

FOR THE 52 WEEKS ENDED 23 FEBRUARY 2002



SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 weeks ended 23 February 2002.

PRINCIPAL ACTIVITY

The company's principal activity is to act as an agent on all the Tesco British Land Property Partnership properties and Tesco BL properties Limited (and its subsidiaries named in schedule 1 of the partnership agreement) properties in accordance with a partnership agreement between Tesco (Partnership) Ltd and The British Land (T) Partnership Properties Ltd.

RESULTS AND DIVIDENDS

The company made neither profit nor loss for the period (2001-nil). The directors do not recommend the payment of a dividend (2001-nil).

DIRECTORS AND THEIR INTERESTS

The following directors served during the period: -

R S Ager
J A Bailey

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

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

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

	Ordinary shares		2002	Share options*		2001
	2002	2001		Granted	Exercised	
J A Bailey	30751	28,021	93,220	30,959	38,849	101,110

* Executive share option scheme (1984,1994 & 1996) and Savings related share option Scheme (1981). Details of those schemes are set out in the annual report and accounts of Tesco PLC.

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT / continued...

RESPONSIBILITIES OF DIRECTORS

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

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

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

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

AUDITORS

PricewaterhouseCoopers were re-appointed auditors during the period and have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board on 1 December 2002



J A Bailey
DIRECTOR

Spen Hill Management Limited
Registered Number 2460426

Independent auditors' report to the members of Spen Hill Management Limited

PricewaterhouseCoopers
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 845039

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on pages 1 and 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

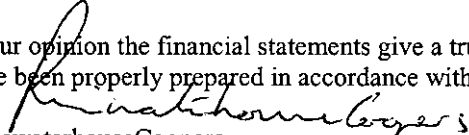
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 23 February 2002 and have been properly prepared in accordance with the Companies Act 1985.


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

17 December 2002

SPEN HILL MANAGEMENT LIMITED

BALANCE SHEET AS AT 23 FEBRUARY 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Cash at bank and in hand		341,999	1,540,693
Debtors	3	1,100,317	460,650
		1,442,316	2,001,343
<hr/>			
CREDITORS (amounts falling due within one year)	4	(1,442,314)	(2,001,341)
<hr/>			
NET ASSETS		2	2
<hr/>			
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Profit and loss account		-	-
<hr/>			
EQUITY SHAREHOLDERS' FUNDS		2	2
<hr/>			

Approved by the board on 7 December 2002

J A Bailey
Director



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

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 23 FEBRUARY 2002

1. ACCOUNTING POLICIES

Basis of Accounts

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

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

2. PROFIT AND LOSS ACCOUNT

The company has made neither profit nor loss in the period prior and has accordingly not presented a profit and loss account. The company only acts as an agent for the recharging of costs.

Other than the directors, the company has no employees (2001-Nil). None of the directors have received any emoluments in respect of their services to the company (2001-Nil).

Auditors' remuneration was paid by another group company.

3. DEBTORS

	2002	2001
	£	£
Service charges	1,100,317	459,393
Other Debtors	-	1,257
	<hr/>	<hr/>
	1,100,317	460,650

4. CREDITORS (amounts falling due within one year)

	2002	2001
	£	£
Other tax and social security	73,695	68,644
Amounts owed to group undertakings	1,278,662	1,837,952
Other creditors	89,957	94,745
	<hr/>	<hr/>
	1,442,314	2,001,341

There were no creditors falling due after more than one year.

5. CALLED-UP SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1000	1000
Allotted, issues and fully paid up:		
2 ordinary shares of £1 each	2	2

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 23 FEBRUARY 2002

6. MOVEMENT IN SHAREHOLDERS' FUNDS

There has been no movement in shareholders' funds during the year.

7. HOLDING COMPANY

The immediate parent undertaking is Spen Hill Properties (Holdings) Plc.

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

8. RELATED PARTY DISCLOSURES

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