

04/02/98

SPEN HILL MANAGEMENT LIMITED
(Formerly Spen Hill Investments Limited)

REPORT AND ACCOUNTS

FOR THE 53 WEEKS ENDED 28 FEBRUARY 1998



SPEN HILL MANAGEMENT LIMITED
(Formerly Spen Hill Investments Limited)

DIRECTORS' REPORT

The directors present their report and audited financial accounts for the 53 weeks ended 28 February 1998.

PRINCIPLE ACTIVITY

The company's principle activity is to act as an agent on all the Tesco British Land Property Partnership 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 (1997-nil). The directors do not recommend the payment of a dividend (1997-nil).

DIRECTORS AND THEIR INTERESTS

The following directors served during the period:-

R S Ager

P V Mercer

J A Bailey-Appointed 4 December 1997

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 directors who were not also directors of the ultimate holding company, their interests and those of their families in the shares of Tesco PLC are given below:-

	Ordinary Shares		Share Options*	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
P V Mercer	16,769	8,871	223,515	185,640
J A Bailey	12,177	-	62,217	-

* Executive share option scheme (1984, and 1994) and savings related share option scheme (1981).
Details of these schemes are set out in the annual report and accounts of Tesco PLC.

SPEN HILL MANAGEMENT LIMITED
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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.

CHANGE OF NAME

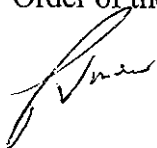
The company changed its name to Spen Hill Management Ltd from Spen Hill Investments Ltd on 29 September 1997.

AUDITORS

On 1 July 1998 Price Waterhouse merged with Coopers and Lybrand. Price Waterhouse have resigned as auditors and the new merged firm, PricewaterhouseCoopers, has been appointed to fill the casual vacancy.

A resolution to reappoint PricewaterhouseCoopers as auditor will be proposed at the next Annual General Meeting.

By Order of the Board on 22/12/98



P V Mercer

DIRECTOR

Spem Hill Management Limited
(Formerly Spen Hill Investments Limited)
Registered Number 2460426

SPEN HILL MANAGEMENT LIMITED
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AUDITORS' REPORT TO THE SHAREHOLDERS OF SPEN HILL MANAGEMENT LIMITED

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

As set out on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

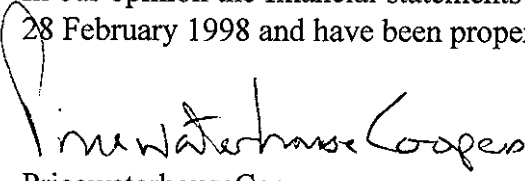
BASIS OF OPINION

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 as at 28 February 1998 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

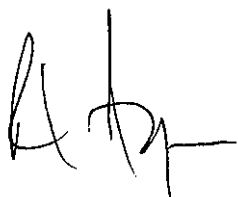
22 December 1998

SPEN HILL MANAGEMENT LIMITED
(Formerly Spen Hill Investments Limited)

BALANCE SHEET AS AT 28 FEBRUARY 1998

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
		£	£
CURRENT ASSETS			
Other Debtors		76,942	2
Cash at bank		433,148	-
		<u>510,090</u>	<u>-</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	3	510,088	2
		<u> </u>	<u> </u>
NET CURRENT ASSETS		<u> 2</u>	<u> -</u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account		-	-
		<u> 2</u>	<u> 2</u>
		<u> 2</u>	<u> 2</u>

Approved by the Board on 22/12/98



R S Ager DIRECTOR

SPEN HILL MANAGEMENT LIMITED
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NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

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. The principal accounting policies which the directors have adopted within that convention are set out below.

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 or loss as it acts only as an agent for the recharging of costs. Other than the directors, the company has no employees (1997-Nil). None of the directors have received any emoluments in respect of their services to the company (1997-Nil). Auditors remuneration was paid by another group company.

3. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>1998</u>	<u>1997</u>
	£	£
Other tax and social security	51,852	-
Amounts owed to group undertakings	358,393	-
Other creditor	99,843	-
	-----	-----
	510,088	-
	=====	=====

4. **SHARE CAPITAL**

	<u>1998</u>	<u>1997</u>
	£	£
2 authorised issued and fully paid ordinary shares of £1 each	2	2
	=====	=====

5. **MOVEMENT IN SHAREHOLDERS FUNDS**

There have been no movement in shareholders funds during the year.

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6. HOLDING COMPANY

The ultimate holding company is Tesco PLC which is a company incorporated in Great Britain and registered in England. Copies of the group accounts can be obtained from the Company Secretary, Tesco PLC, Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

7. 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.