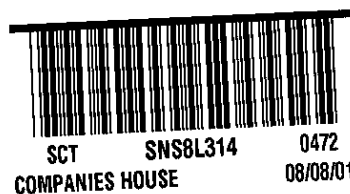
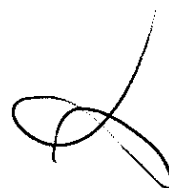


**COMPANY NUMBER: SC205863**

**TAKE TWO DEVELOPMENTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD 5 APRIL 2000 TO 31ST MARCH 2001**



1

**Take Two Developments Limited**  
**Report of the Directors**  
**for the period ended 31st March 2001**

**Review of the Business**

The Company was incorporated on 5 April 2000.

The principal activity of the Company is property development. The future prospects of the Company are dependent on the market for the Company's developments and the Company's ability to obtain sites for development.

**Results and Dividend**

The directors do not recommend the payment of a dividend for the period under review and propose to transfer the retained loss for the period of £80,964 to reserves.

**Euro**

The directors have assessed the impact of the Euro on the operations of the company. No costs have been incurred to date and future costs will be expensed to the profit and loss account as incurred.

**Directors and their Interests**

The Directors during the financial period were:-

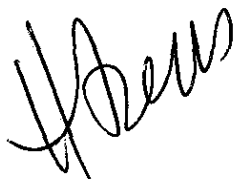
S T R Kerr	(Appointed 5 April 2000 and resigned 19 April 2000)
I B Tudhope	(Appointed 19 April 2000)
B Henderson	(Appointed 19 April 2000)
A Glasgow	(Appointed 19 April 2000)
R F Mallett	(Appointed 19 April 2000 and resigned 14 January 2001)
J R Davies	(Appointed 19 April 2000)
P Monaghan	(Appointed 19 April 2000 and resigned 1 March 2001)
R A Chadwick	(Appointed 2 April 2001)
J C D Townsend	(Appointed 2 April 2001)

According to the register required to be kept under Section 325 Companies Act 1985, no Director held any shareholdings or options to purchase shares in the Company that would be required to be disclosed.

**Auditors**

A resolution to appoint the Auditors PricewaterhouseCoopers will be put to the Annual General Meeting.

By Order of the Board



H D Jarvis  
Secretary

**Take Two Developments Limited****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the period, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

## REPORT OF THE AUDITORS TO THE MEMBERS OF TAKE TWO DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 as at 31 March 2001 and of its loss and cash flows in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

London

Date 20 July 2001.



**Take Two Developments Limited**  
**Profit and Loss Account**  
**for the period to 31st March 2001**

		Period from 5 April 2000 to 31 March 2001
	<u>Note</u>	£
Other operating expenses		<u>(11,816)</u>
<b>Operating Loss</b>		<b>(11,816)</b>
Net interest payable	2	<u>(69,148)</u>
Loss on Ordinary Activities before Tax	3	<u>(80,964)</u>
<b>Tax on Loss on Ordinary Activities</b>		<b>-</b>
Retained loss for the period		<u><b>(80,964)</b></u>

The Company has no recognised gains or losses other than those reported above and therefore no separate statement of recognised gains and losses has been presented.

All results shown in the profit and loss account are from continuing operations.

There is no difference between the loss on ordinary activities before tax and the retained loss for the period stated above and their historical cost equivalents.

The notes on pages 7 to 10 form part of these financial statements

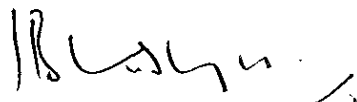
**Take Two Developments Limited**  
**Balance Sheet**  
**as at 31st March 2001**

	<u>Note</u>	2001 £
<b>Current Assets</b>		
Development in Progress	5	8,159,624
Debtors	6	<u>16,892</u>
		8,176,516
<b>Creditors:</b> falling due within one year	7	<u>(392,560)</u>
<b>Net Current Assets</b>		<u>7,783,956</u>
<b>Creditors:</b> falling due in more than one year	8	<u>(7,863,920)</u>
<b>Net Liabilities</b>		<u>(79,964)</u>
<b>Capital and Reserves</b>		
Called Up Share Capital	9	1,000
Profit and Loss Account	10	<u>(80,964)</u>
Equity Shareholders' Deficit	11	<u>(79,964)</u>

Approved by the Board on 16 July 2001  
and signed on its behalf by



R A Chadwick



I B Tudhope

The notes on pages 7 to 10 form part of these financial statements

**Take Two Developments Limited**  
**Cash flow Statement**  
**For the period to 31st March 2001**

	<u>Note</u>	2001 £
<b>Net cash outflow from operating activities</b>	12	<b>(7,851,986)</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid		<u>(12,934)</u>
Net cash outflow from returns on investment and servicing of finance		<u>(12,934)</u>
Cash outflow before use of liquid resources and financing		<b>(7,864,920)</b>
<b>Financing</b>		
Issue of ordinary share capital		<u>1,000</u>
Net cash outflow from financing		<u>1,000</u>
Decrease in cash in the period	13	<b>(7,863,920)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN  
NET DEBT**

Decrease in cash in the period		<u>(7,863,920)</u>
Change in net debt		<u>(7,863,920)</u>
Net debt at beginning of period	13	<u>-</u>
Net debt at end of period	13	<b>(7,863,920)</b>

**Take Two Developments Limited**  
**Notes to the Financial Statements**  
**for the period to 31st March 2001**

**1. ACCOUNTING POLICIES**

a) **Basis of Financial Statements**

These financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis as the joint shareholders have indicated their intention to provide continuing financial support.

b) **Development in Progress**

Development work in progress is stated at the lower of cost and net realisable value.

c) **Capitalised Interest**

Interest is expensed through the profit and loss account as incurred and is not capitalised into land held for development.

**2. NET INTEREST PAYABLE**

	2001
	£
Net bank interest payable	63,314
Interest payable to Joint Shareholders	<u>5,834</u>
	<u>69,148</u>

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAX**

	2001
	£
This is stated after charging:	
Auditor's remuneration - Audit services	<u>2,000</u>

**4. EMPLOYEES AND DIRECTORS REMUNERATION**

The average monthly number of persons (including Executive Directors) employed by the Company during the period was nil. The Directors are Directors and employees of the joint shareholders. The Directors do not believe that it is possible to meaningfully allocate their emoluments between their respective duties. The directors do not receive any remuneration from the company.



**Take Two Developments Limited**  
**Notes to the Financial Statements**  
**for the period to 31st March 2001**

**5. DEVELOPMENT IN PROGRESS**

	2001
	£
Site purchases	7,499,588
Building costs, fees and expenses	<u>660,036</u>
Land, building costs, fees and expenses	<u>8,159,624</u>

**6. DEBTORS**

	2001
	£
Other debtors	<u>16,892</u>

**7. CREDITORS : falling due within one year**

	2001
	£
Trade creditors	293,833
Accruals and deferred income	<u>98,727</u>
	<u>392,560</u>

**8. CREDITORS : falling due in more than one year**

	2001
	£
Bank Overdrafts	<u>7,863,920</u>

The committed bank overdraft is secured by a standard security over the development, a floating charge over the assets of the Company and a guarantee from each of the joint shareholders, subject to a maximum each of £3,000,000.

The facility is repayable on 5 March 2004 or earlier on a sale of the development.

**9. CALLED UP SHARE CAPITAL**

	2001
	£
Ordinary 'A' shares of £1 each	
50,000 Authorised shares	<u>50,000</u>
Ordinary 'B' shares of £1 each	
50,000 Authorised shares	<u>50,000</u>
<b>Allotted, Called Up and Fully Paid</b>	
500 Allotted, called up and fully paid 'A' shares	<u>500</u>
500 Allotted, called up and fully paid 'B' shares	<u>500</u>

'A' and 'B' shares rank pari passu in all aspects

**Take Two Developments Limited**  
**Notes to the Financial Statements**  
**for the period to 31st March 2001**

**10. PROFIT AND LOSS ACCOUNT**

	2001 £
Loss for the period	<u>(80,964)</u>
Closing reserves	<u>(80,964)</u>

**11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS**

	2001 £
Loss for the period	<u>(80,964)</u>
Equity shares issued during the year	<u>1,000</u>
Closing Equity Shareholder's Deficit	<u>(79,964)</u>

**12. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2001 £
Operating loss	(11,816)
(Increase) in developments in progress	(8,159,624)
(Increase) in debtors	(16,892)
Increase in creditors	<u>336,346</u>
<b>Net cash outflow from operating activities</b>	<b><u>(7,851,986)</u></b>

**13. ANALYSIS OF CHANGES IN NET DEBT**

	At 5 April 2000 £	Cash flows £	At 31 March 2001 £
Overdraft	<u>nil</u>	<u>(7,863,920)</u>	<u>(7,863,920)</u>

**Take Two Developments Limited  
Notes to the Financial Statements  
for the period to 31st March 2001**

**14. RELATED PARTY TRANSACTIONS**

The following information is provided in accordance with Financial Reporting Standard 8 as being material transactions with related parties during the period ended 31<sup>st</sup> March 2001. The information has been prepared on an accruals basis and the amounts are stated VAT exclusive.

Related Party: J Sainsbury Developments Limited, joint venture partner  
Transactions: Interest is charged on the loan from J Sainsbury Developments Limited at base rate plus 2% and amounted to £2,915.

Related Party: The Premier Property Group Limited, joint venture partner  
Transactions: Interest is charged on the loan from The Premier Property Group Limited at base rate plus 2% and amounted to £2,919.

Related Party: J Sainsbury plc, parent company for J Sainsbury Developments Limited  
Transactions: Management expenses were charged by J Sainsbury plc and amounted to £9,260.

**15. CONTROL OF THE COMPANY**

The Company is owned and controlled jointly by J Sainsbury Developments Limited registered in England and The Premier Property Group Limited registered in Scotland. Copies of their consolidated financial statements may be obtained from The Secretary, J Sainsbury Developments Limited, Stamford House, Stamford Street, London, SE1 9LL and The Secretary, The Premier Property Group Limited, 9 Charlotte Square, Edinburgh EH2 4DR respectively.