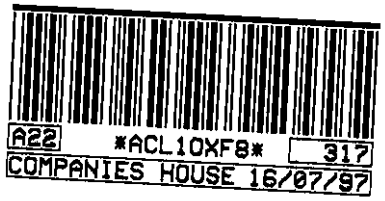
COMPANY NUMBER: 1762921

RAMHEATH PROPERTIES LIMITED

ANNUAL REPORT AND ACCOUNTS

1997

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Ramheath Properties Limited

Report of the Directors

for the 52 weeks to 8th March 1997

Review of the Business

The principal activity of the Company is property development. The Directors are satisfied with the trading result for the period and continue to pursue opportunities in respect of the development land held by the Company.

The Directors do not recommend the payment of a dividend for the period under review and propose to transfer the profit after tax of £249,178 to reserves.

Directors and their Interests

The Directors during the financial year were:

I D Coull
B K Bartram
N F Matthews

According to the register required to be kept under Section 325 Companies Act 1985, the Directors' shareholdings and options to purchase under Share Option Schemes in the ultimate parent company, J Sainsbury plc, required to be disclosed are as follows:

	Ordinary shares at 25p each	
	8th March 1997	10th March 1996
B K Bartram	**11,746**	10,712
N F Matthews	**80,840**	80,319

	8th March 1997	Granted during period	Exercised during period	10th March 1996
B K Bartram	**36,216**	1,763	-	34,453
N F Matthews	**113,872**	189	-	113,683

No options lapsed during the period.

Ramheath Properties Limited

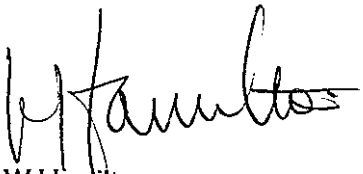
Report of the Directors

for the 52 weeks to 8th March 1997

Auditors

A resolution to reappoint Coopers & Lybrand as Auditors of the Company and to authorise the Directors to fix their remuneration will be put to the Annual General Meeting.

By Order of the Board



W Hamilton
Secretary

Ramheath Properties Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year 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 accounts, 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 accounts;
- prepare the accounts 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 accounts 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 SHAREHOLDERS OF RAMHEATH PROPERTIES LIMITED

We have audited the accounts on pages 5 to 9.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 8th March 1997 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and
Registered Auditors
London
2 May 1997

Ramheath Properties Limited

Balance Sheet

8th March 1997

	Note	1997 £	1996 £
Current Assets			
Development in progress	6	**18,947,620**	19,181,031
Debtors	7	**400,628**	528,797
Cash at bank and in hand		**6,887,374**	6,169,551
		26,235,622	25,879,379
Creditors: amounts falling due within one year	8	**(135,777)**	(28,712)
Net Current Assets		**26,099,845**	25,850,667
Creditors: amounts falling due after more than one year	9	**(24,128,363)**	(24,128,363)
		1,971,482	1,722,304
Capital and Reserves			
Called up Share Capital	10	**1,000,002**	1,000,002
Profit and Loss Account	11	**971,480**	722,302
Equity Shareholder's Funds	12	**1,971,482**	1,722,304

Approved by the Board on 1st May 1997
and signed on its behalf

Director 

The notes on pages 7 to 9 form part of these accounts.

Ramheath Properties Limited

Profit and Loss Account

for the period ended 8th March 1997

	Note	1997 £	1996 £
Turnover	1 & 2	**640,132**	622,924
Cost of Sales		**(329,366)**	(305,972)
Gross Profit		**310,766**	316,952
Administrative Income		**-**	90
Administrative Expenses		**(9,763)**	(7,206)
Operating Profit		**301,003**	309,836
Interest Receivable and similar income	3	**36,578**	-
Profit on Ordinary Activities before Tax	4	**337,581**	309,836
Tax on Profit on Ordinary Activities	5	**(88,403)**	(103,000)
Profit for Financial Year	12	**249,178**	206,836

The Company has no recognised gains or losses other than the profit for the period above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 7 to 9 form part of these accounts.

Ramheath Properties Limited

Notes to the Accounts

for the 52 weeks to 8th March 1997

1. ACCOUNTING POLICIES

a) **Basis of Accounts**
These accounts have been prepared under the historical cost convention and comply with all applicable Accounting and Financial Reporting Standards. All the activities in the Company are continuing.

b) **Developments in Progress**
Developments in progress are stated at the lower of cost or net realisable value.

c) **Rental Income**
Rental income received in respect of properties held for development has been offset against the cost of developments in progress.

2. TURNOVER

Turnover represents 70% of the rental income received by the joint venture with Urban Space Management Limited at Merton Abbey Mills as well as fees charged to the joint venture partner.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Interest Receivable	36,578	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	1997 £	1996 £
This is stated after charging:		
Auditors' remuneration	2,900	3,500

The Company had no employees during the period (1996 : none). The Directors did not receive any remuneration from the Company during the period (1996 : £nil).

Ramheath Properties Limited

Notes to the Accounts

for the 52 weeks to 8th March 1997

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax for the period at 33% (1996 : 33%)	100,000	103,000
Over provision in prior periods	(11,597)	-
	88,403	103,000

6. DEVELOPMENTS IN PROGRESS

	1997 £	1996 £
Site Purchases net of provision	16,836,811	16,836,811
Building costs, fees and expenses	4,906,746	4,857,174
Less accumulated rental income	(2,795,937)	(2,512,954)
	18,947,620	19,181,031

7. DEBTORS

	1997 £	1996 £
Trade debtors	400,626	398,519
Amount due from parent undertaking	2	2
Corporation tax recoverable	-	130,276
	400,628	528,797

8. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	6,504	10,120
Corporation Tax	96,043	-
Other taxes	9,676	4,655
Accruals	23,554	13,937
	135,777	28,712

9. CREDITORS: amounts due in more than one year

	1997 £	1996 £
Amount owed to parent undertaking	24,128,363	24,128,363

Ramheath Properties Limited

Notes to the Accounts

for the 52 weeks to 8th March 1997

10. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised ordinary shares of £1 each	1,000,100	1,000,100
	£	£
Allotted, called up and fully paid	1,000,002	1,000,002

11. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Balance at beginning of the period	722,302	515,466
Profit for the period	249,178	206,836
Balance at end of period	971,480	722,302

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	1997 £	1996 £
Profit for Financial Year	249,178	206,836
Shareholder's Funds brought forward	1,722,304	1,515,468
Shareholder's Funds carried forward	1,971,482	1,722,304

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is J Sainsbury plc, which is registered in England and Wales. Copies of the parent's consolidated accounts may be obtained from The Secretary, J Sainsbury plc, Stamford House, Stamford Street, London, SE1 9LL.

14. CASH FLOW STATEMENT

The Company has adopted Financial Reporting Standard 1 and under the exemptions allowed for subsidiary companies has not prepared a Cash Flow Statement.

15. CONTINGENT LIABILITIES

Contingent liabilities amounting to £163,000 (1996: £163,000) have not been provided in these accounts. The liabilities relate to tax indemnities given by the Company to third parties.

16. RELATED PARTY TRANSACTIONS

During the period under review there were no transactions between the Company and its related parties requiring disclosure under FRS8.