

**Registered number**  
**4288193**

**Stanhope Finance Limited**  
**Annual Report and Financial Statements**

**For the 54 weeks ended**  
**11 March 2017**



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## **Stanhope Finance Limited**

### **Strategic report for the 54 weeks ended 11 March 2017**

#### **Principal activities, business review and future developments**

Stanhope Finance Limited (the "Company") principal activity is to act as a non-trading company. It is envisaged that this will remain the activity of the Company for the foreseeable future. The results and dividends are discussed on page 2.

#### **Company performance and position**

Stanhope is a non-trading company therefore there is no Profit & Loss statement. At the year-end the Company had net assets of £449,660,000 (2016: £449,660,000).

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the J Sainsbury plc and its subsidiaries (the 'Group') and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 42 to 44 of the Group's Annual Report and Financial Statements 2017, which do not form part of this report.

#### **Financial risk management**

The Group operates a centralised treasury function which is responsible for managing the market risk (foreign exchange and interest rate risk), credit risk and liquidity risks associated with the Group's activities. These activities include those of the Company. The Group operates a structured risk management process which identifies, evaluates and prioritises risks and uncertainties.

The Group's treasury function seeks to reduce exposures to foreign exchange, interest rate and other financial risks, and to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Policies and procedures are subject to review and approval by the Group's Board of Directors as well as subject to internal audit review.

##### *Market risk - interest rate risk*

The Company has no exposure to interest rate fluctuations as all amounts receivable and payable to Group companies are non-interest bearing.

##### *Credit risk*

The Company monitors its group receivable balances on an ongoing basis with any provision for impairments made as required. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Company does not hold any collateral as security.

The Company's treasury transactions are managed centrally by the Group treasury function. The Group's exposure to credit risk with regard to treasury transactions is managed by dealing only with major banks and financial institutions. Dealing activity is closely controlled and counterparty positions are monitored on a regular basis.

##### *Liquidity risk*

The Company's liquidity risk is managed centrally by the Group treasury function.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

By order of the Board



I S MacMillan  
Director

29 November 2017

## **Stanhope Finance Limited**

### **Directors' report for the 54 weeks ended 11 March 2017**

The directors present their report and the audited financial statements of the Company for the 54 weeks ended 11 March 2017 (the year). The prior financial year's financial statements were for the 52 weeks to 27 February 2016.

The Company's accounting reference date has been changed to 11 March 2017 in order to align it with the accounting reference date of J Sainsbury plc, which is its new ultimate parent company.

#### **Registered number**

The registered number of the Company is 4288193.

#### **Results and dividends**

The Company did not trade during the year and consequently incurred no profit or loss (2016: £nil). The directors do not recommend the payment of a dividend (2016: £nil). The future developments of the business, principal risks and uncertainties and financial risk management are discussed within the Strategic report on page 1.

#### **Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Directors**

The directors that held office during the year and up to the date of approval of the financial statements were as follows:

I S MacMillan	(appointed 2 September 2016)
S Goodluck	(appointed 23 November 2016)
R J Ashton	(resigned 2 September 2016)
D N Brown	(resigned 23 November 2016)
M S Willis	(resigned 2 September 2016)

There were no other appointments or resignations.

#### **Company Secretary**

The Company Secretary of the Company who held office during the financial year and up to the date of signing the financial statements is shown below:

Deborah Hamilton	(resigned 23 November 2016)
Anthony Guthrie	(appointed 23 November 2016)

#### **Disclosure of information to auditors**

Each of the Directors confirms that, so far as he is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **Independent auditors**

During the year, PricewaterhouseCoopers LLP resigned as auditors of the Company. Ernst & Young LLP were appointed as auditors for the year beginning 28 February 2016. Ernst & Young LLP, have indicated their willingness to continue in office.

By order of the Board



I S MacMillan  
Director  
29 November 2017

**Stanhope Finance Limited**  
**Statement of Directors' responsibilities**  
**for the 54 weeks ended 11 March 2017**

The Directors are responsible for preparing the Strategic report, 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 judgments 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 the company's 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.

By order of the Board



I S MacMillan  
Director  
November 2017



## **Independent auditors' report to the members of Stanhope Finance Limited**

We have audited the financial statements of Stanhope Finance Limited for the 54 week period ended 11 March 2017 which comprise the balance sheet, the statement of changes in equity and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 11 March 2017 and of its results for the 54 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

## **Independent auditors' report to the members of Stanhope Finance Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ben Marles (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor London

30 November 2017

**Stanhope Finance Limited**  
**Balance sheet**  
**As at 11 March 2017**

	Notes	11 March 2017 £'000	27 February 2016 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Debtors	7	449,660	449,660
<b>Total current assets</b>		<b>449,660</b>	<b>449,660</b>
<b>Total assets</b>		<b>449,660</b>	<b>449,660</b>
<b>Net assets</b>		<b>449,660</b>	<b>449,660</b>
<b>Capital and reserves</b>			
Called up share capital	8	370	370
Share premium account		450,130	450,130
Profit and loss account		(840)	(840)
<b>Total shareholders' funds</b>		<b>449,660</b>	<b>449,660</b>

The financial statements on pages 6 to 11 were approved by the Board of Directors and were signed on their behalf by:



I S MacMillan  
Director  
November 2017

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**Registered number**  
4288193



**Stanhope Finance Limited**  
**Statement of changes in equity**  
**For the 54 weeks ended 11 March 2017**

	Attributable to owners of the Company			
	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 28 February 2016	370	450,130	(840)	449,660
Total comprehensive income for the year	-	-	-	-
<b>Balance at 11 March 2017</b>	<b>370</b>	<b>450,130</b>	<b>(840)</b>	<b>449,660</b>

	Attributable to owners of the Company			
	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 March 2015	370	450,130	(840)	449,660
Total comprehensive income for the year	-	-	-	-
<b>Balance at 27 February 2016</b>	<b>370</b>	<b>450,130</b>	<b>(840)</b>	<b>449,660</b>

**Profit and loss account and statement of comprehensive income**  
**For the 54 weeks ended 11 March 2017**

The Company did not trade in the year and consequently incurred no profit or loss. There were no cash movements during the year for the Company as any cash transactions were executed by other members of the J Sainsbury Group plc on behalf of the Company. As a result no profit and loss account or statement of comprehensive income have been presented in these financial statements.

**Stanhope Finance Limited**  
**Notes to the financial statements**  
**For the 54 weeks ended 11 March 2017**

**1. GENERAL INFORMATION**

Stanhope Finance Limited (the Company) is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered address is 33 Holborn, London, EC1N 2HT.

The Company is a part of J Sainsbury plc group. Previously, Home Retail Group plc was the ultimate parent company and the controlling party of the Company. On 2 September 2016, J Sainsbury plc acquired the entire shareholding of Home Retail Group plc and became the new ultimate parent company and controlling party of Home Retail Group plc and its subsidiaries.

The financial year represents the 54 weeks ended 11 March 2017 (prior financial year 52 weeks to 27 February 2016).

**2. BASIS OF PREPARATION**

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historic cost convention. The principal accounting policies applied in the preparation of these financial statements are set out in note 3. Unless otherwise stated, these policies have been consistently applied to all the periods presented.

**Statement of compliance**

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101.

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. The results of the Company are consolidated into the Annual Report and Financial Statements 2016 of J Sainsbury plc, available on the Group's website: [www.j-sainsbury.co.uk](http://www.j-sainsbury.co.uk).

FRS 101 sets out amendments to IFRS as adopted by the European Union that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of comprehensive income, Balance sheet or Statement of changes in equity for the Company for the year ended 11 March 2017.

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

- The requirements of IAS 7 to present a cash flow statement.
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values.
- The requirements to present roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16), intangible assets (IAS 38).

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Accounting estimates and assumptions**

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**Stanhope Finance Limited**  
**Notes to the financial statements**  
**For the 54 weeks ended 11 March 2017 (continued)**

**Amendments to published standards**  
**Effective for the Company in these financial statements:**

The Group has considered the following amendments to published standards that are effective for the Group for the financial year beginning 13 March 2016 and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements. These standards and interpretations have been endorsed by the European Union.

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' which clarifies acceptable methods of depreciation and amortisation
- Amendments to IFRS 11, 'Joint arrangements' on the accounting for acquisitions of interest in joint operations
- Amendments to IAS 16 and IAS 41, 'Bearer Plants'
- Amendments to IAS 1, 'Presentation of financial statements' which clarifies existing IAS 1 requirements
- Amendments to IAS 27, 'Consolidated and separate financial statements' which allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries
- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exception

The Company has considered the impact of the above standards and revisions and concluded that they will not have a significant impact on the Company's financial statements, apart from additional disclosures.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

### **3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

#### **Impairment of assets**

Assets are subject to impairment reviews whenever changes in events or circumstances indicate that an impairment may have occurred. Assets are written down to the higher of fair value less costs to sell and value-in-use. Value-in-use is calculated by discounting the expected cash flows from the asset at an appropriate discount rate for the risks associated with that asset. This includes estimates of both the expected cash flows and an appropriate discount rate which use management's assumptions and estimates of the future performance of the asset. Differences between expectations and the actual cash flows will result in differences in the level of impairment required.

A previously recognised impairment loss is reversed if there has been a significant change in the underlying assumptions used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in prior years.

#### **Current tax**

Current tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### **Financial instruments**

The only financial instruments of the Company relate to loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise group receivables.

### **4. NET OPERATING EXPENSES**

Costs of £2,956 (2016: £2,815) for the annual audit of the financial statements of the Company are borne by Argos Limited, and no recharge is made to the Company.

### **5. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION**

Other than the company directors the Company had no employees in either year.

No director received emoluments in respect of their services to the Company during the year (2016: £nil).

**Stanhope Finance Limited**  
**Notes to the financial statements**  
**For the 54 weeks ended 11 March 2017 (continued)**

**6. TAXATION**

	54 weeks ended 11 March 2017 £'000	52 weeks ended 27 February 2016 £'000
<b>Analysis of charge in the year</b>		
<b>Current tax:</b>		
UK corporation tax	-	-
<b>Total tax charge in the profit and loss account</b>	-	-

**Factors affecting the tax charge**

The effective tax rate for the year of nil% (2016:nil%) differs from the standard rate of corporation tax in the UK of 20.0% (2016: 20.08%). The differences are explained below:

	54 weeks ended 11 March 2017 £'000	52 weeks ended 27 February 2016 £'000
<b>Result before tax on ordinary activities</b>	-	-
Result before tax multiplied by the standard rate of corporation tax in the UK	-	-
<b>Effects of:</b>		
Transfer pricing adjustments	(1,583)	(4,515)
Loss relief claimed for nil consideration	1,583	4,515
<b>Total tax charge in the profit and loss account</b>	-	-

**Factors that may affect future tax charges**

The main rate of corporation tax was reduced from 20 per cent to 19 per cent effective from 1 April 2017. A further reduction in the corporation tax rate to 17 per cent, rather than 18 per cent, effective from 1 April 2020 was substantively enacted in the year, so its effect is reflected in these financial statements. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

**7. DEBTORS**

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by immediate parent company	449,660	449,660

The amounts owed by the immediate parent company is unsecured, repayable on demand and non-interest bearing. No balances owed by the immediate parent company are past due or impaired.

**8. CALLED UP SHARE CAPITAL**

	2017 £'000	2016 £'000
<b>Allotted, called-up and fully paid:</b>		
370,000 (2016: 370,000) ordinary shares at £1 each	370	370

**Stanhope Finance Limited**  
**Notes to the financial statements**  
**For the 54 weeks ended 11 March 2017 (continued)**

**9. ULTIMATE PARENT UNDERTAKINGS**

The Company's previous ultimate parent and controlling party was Home Retail Group plc (a company registered in England and Wales). On 2 September 2016, J Sainsbury plc (a company registered in England and Wales) acquired the entire shareholding of Home Retail Group plc and became the new ultimate parent and controlling party of Home Retail Group plc and its subsidiary companies. The largest and smallest group of undertakings for which group financial statements have been prepared was that of J Sainsbury plc which are publicly available from its official website: <http://www.j-sainsbury.co.uk/investors>; or by writing to its registered office: 33 Holborn, London, EC1N 2HT.