

REGISTERED COMPANY NUMBER: 04667612

J SAINSBURY (OVERSEAS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS TO 16 MARCH 2013



J Sainsbury (Overseas) Limited
Directors' report
for the 52 weeks to 16 March 2013
Registered company number: 04667612

The Directors present their report and the audited financial statements of J Sainsbury (Overseas) Limited (the 'Company') for the 52 weeks to 16 March 2013. The prior year's financial statements were for the 52 weeks to 17 March 2012.

Principal activity and review of business

The principal activity of the Company during the financial year was the lending of monies to J Sainsbury plc and its subsidiaries (the 'Group'). The Company's profit for the financial year was £20,477,000 (2012 £30,651,000). The financial position as at 16 March 2013 is shown in the balance sheet set out on page 6.

A full review of the business and the market can be found in the 2013 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website: www.j-sainsbury.co.uk

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of 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 51 to 53 of the J Sainsbury plc Annual Report and Financial Statements 2013, which do not form part of this report.

Future developments

No change is planned in the activities of the Company in the next financial year.

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.

Financial risk management

The financial risk management and policies of the Company are disclosed in note 9 of the financial statements.

Dividends

The Directors do not recommend the payment of a dividend (2012: £nil).

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. The ultimate parent company, J Sainsbury plc, will continue to support the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The Directors of J Sainsbury (Overseas) Limited who held office during the financial year and up to the date of signing the financial statements are shown below:

R J Learmont
Sainsburys Corporate Director Limited

Directors' indemnities

The Directors are entitled to be indemnified by the ultimate parent company, J Sainsbury plc, to the extent permitted by law and the Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2012/13, which was renewed for 2013/14. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

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.

J Sainsbury (Overseas) Limited
Directors' report (continued)
for the 52 weeks to 16 March 2013

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

By order of the Board



Philip Davies
Company Secretary
22 July 2013

J Sainsbury (Overseas) Limited
Statement of Directors' responsibilities
for the 52 weeks to 16 March 2013

The Directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union 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 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



Philip Davies
Company Secretary
22 July 2013

Independent auditors' report to the members of J Sainsbury (Overseas) Limited

We have audited the financial statements of J Sainsbury (Overseas) Limited for the 52 weeks ended 16 March 2013 which comprise the Income statement, Statement of comprehensive income, Balance sheet, Cash flow statement, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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 16 March 2013 and of its profit and cash flows for the 52 weeks then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Simon Morley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 July 2013

J Sainsbury (Overseas) Limited
Income statement
for the 52 weeks to 16 March 2013

		2013	2012
	Note	£000	£000
Revenue		29,353	28,776
Profit before taxation	3	29,353	28,776
Income tax (expense) / credit	5	(8,876)	1,875
Profit for the financial year		20,477	30,651

Statement of comprehensive income
for the 52 weeks to 16 March 2013

There was no other comprehensive income or expense during the financial year or the prior financial year

J Sainsbury (Overseas) Limited
Balance sheet
At 16 March 2013 and 17 March 2012

	Note	2013 £000	2012 £000
Current assets			
Other receivables	6	1,493,799	1,464,446
Total assets		1,493,799	1,464,446
Current liabilities			
Other payables	7	(24,918)	(16,042)
Net assets		1,468,881	1,448,404
Equity			
Called up share capital	8	-	-
Share premium account	8	1,068,162	1,068,162
Retained earnings		400,719	380,242
Total equity		1,468,881	1,448,404

The financial statements on pages 5 to 13 were approved by the Board of Directors on 22 July 2013 and are signed on its behalf by



Ed Barker
On behalf of Sainsburys Corporate Director Limited
Director

J Sainsbury (Overseas) Limited
Cash flow statement
for the 52 weeks to 16 March 2013

There were no cash flows arising in the Company during the financial year or in the prior financial year

Statement of changes in equity
for the 52 weeks to 16 March 2013

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 18 March 2012	-	1,068,162	380,242	1,448,404
Profit for the financial year	-	-	20,477	20,477
At 16 March 2013	-	1,068,162	400,719	1,468,881
At 20 March 2011	-	1,068,162	349,591	1,417,753
Profit for the financial year	-	-	30,651	30,651
At 17 March 2012	-	1,068,162	380,242	1,448,404

J Sainsbury (Overseas) Limited
Notes to the financial statements
for the 52 weeks to 16 March 2013

1 General information

J Sainsbury (Overseas) Limited (the 'Company') is a private limited company, incorporated and domiciled in England. The Company's registered address is 33 Holborn, London EC1N 2HT.

The Company's financial year represents the 52 weeks to 16 March 2013 (prior financial year: 52 weeks to 17 March 2012).

The principal activity of the Company during the financial year was the lending of monies to J Sainsbury plc group companies.

2. Accounting policies

(a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

(b) Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand (£'000) unless otherwise stated. They have been prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of judgements, 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2c.

New standards, interpretations and amendments to published standards

Effective for the Company in these financial statements:

- Amendments to IFRS 1 'First time adoption of IFRS', Severe hyperinflation and removal of fixed dates for first-time adopters
- Amendments to IFRS 7 'Financial instruments: Disclosures', Disclosures on transfers of financial assets

The Company has considered the above interpretations, revisions and amendments to published standards that are effective and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements, apart from additional disclosures.

Effective for the Company for the financial year beginning 17 March 2013:

- Amendment to IAS 1, 'Presentation of financial statements', Presentation of items of other comprehensive income
- Amendments to IAS 12 'Income Taxes', Deferred tax accounting for investment properties
- IAS 19 (revised), 'Employee benefits' *
- Amendment to IFRS 1, 'First-time adoption', Government loans
- Amendment to IFRS 7, 'Financial instruments: Disclosures', Disclosures on assets and liabilities offsetting*
- IFRS 13, 'Fair value measurement'*
- Annual Improvements 2011*

* These standards and interpretations have been endorsed by the EU.

J Sainsbury (Overseas) Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

2. Accounting policies (continued)

The Company has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements, apart from additional disclosures

The following standards and revisions will be effective for future years:

- IAS 27 (revised) 2011, 'Separate financial statements' *
- IAS 28 (revised) 2011, 'Associates and joint ventures' *
- IFRS 9, 'Financial instruments' – classification of financial assets and financial liabilities ^
- IFRS 10, 'Consolidated financial statements' *
- IFRS 11, 'Joint arrangements' *
- IFRS 12, 'Disclosure of interests in other entities' *
- Amendment to IAS 32, 'Financial instruments Presentation', Offsetting financial assets and liabilities*
- Amendment to IFRS 10, 11 and 12 on transition guidance*

* These standards are effective for accounting periods starting on or after 1 January 2014

^ This standard is effective for accounting periods starting on or after 1 January 2015

The Company has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would 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 financial years presented in the financial statements and have been applied consistently by the Company

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. The ultimate parent company, J Sainsbury plc, will continue to support the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Revenue

Revenue comprises of interest on a loan to the parent company recognised in the income statement as it accrues

Current taxation

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income, in which case the current tax is also dealt with in equity or other comprehensive income respectively

Financial instruments

Financial assets

Loans and receivables are non-derivative financial assets, initially recognised at fair value, plus transaction costs, then subsequently carried at amortised cost

Financial liabilities

Bank loans and payables are initially recorded at fair value net of direct issue costs, which are generally the proceeds received. They are then subsequently carried at amortised cost

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds

Fair value estimation

The fair value of receivables and payables of a maturity of less than one year approximates to their book value

J Sainsbury (Overseas) Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

2. Accounting policies (continued)

(c) Judgements and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to sell. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. Detail of the tax charge is set out in note 5.

3. Profit before taxation

All administrative expenses, in the current and prior financial year, including the auditors' remuneration, have been borne by Sainsbury's Supermarkets Ltd or other Group companies and have not been recharged to the Company.

4. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2012: nil).

All of the Directors are also employees of J Sainsbury plc or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

5 Income tax expense / (credit)

	2013	2012
	£000	£000
Current tax expense		
Current financial year	6,960	-
Under / (over) provision in the prior financial years	1,916	(1,875)
Total income tax expense/(credit) in income statement	8,876	(1,875)

J Sainsbury (Overseas) Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

5. Income tax expense / (credit) (continued)

The effective tax rate of 30.24 per cent (2012: 26.52 per cent) is higher (2012: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013	2012
	£000	£000
Profit before taxation	29,353	28,776
Income tax at UK corporation rate of 24.08% (2012: 26.07%)	7,068	7,502
Effects of:		
Group relief claimed for nil consideration	-	(7,397)
Transfer pricing adjustment	(108)	(105)
Under / (over) provision in prior financial years	1,916	(1,875)
Income tax expense / (credit) in income statement	8,876	(1,875)

On 21 March 2012, the Chancellor announced that the main rate of UK corporation tax would reduce to 23.0 per cent for the financial year commencing 1 April 2013. This was substantively enacted on 3 July 2012.

A number of changes to the UK corporation tax system were announced in the 5 December 2012 and the 20 March 2013 UK Budget Statements. The main rate of corporation tax is expected to reduce to 21.0 per cent from 1 April 2014 and to 20.0 per cent from 1 April 2015. Neither of these expected rate reductions had been substantively enacted at the balance sheet date and therefore their effect is not included in the financial statements.

6. Other receivables

	2013	2012
	£000	£000
Current		
Amounts receivable from parent company	1,493,799	1,464,446

Amounts due from the parent company are denominated in sterling, carry floating rates of interest, and are payable on demand. The interest income is calculated based on the Bank of England base rate plus 1.5%. Amounts due from parent company are not considered overdue or impaired.

7. Other payables

	2013	2012
	£000	£000
Current		
Amounts payable to other Group companies	17,958	16,042
Taxes payable	6,960	-
	24,918	16,042

Amounts due to other Group companies are denominated in sterling, are non-interest bearing and are repayable on demand.

J Sainsbury (Overseas) Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

8. Called up share capital and share premium account

	2013 US\$	2012 US\$
Issued and fully paid		
2 ordinary shares of US\$1 each (2 ordinary shares of US\$1 each)	2	2

	Called up share capital		Share premium account	
	2013	2012	2013	2012
	£	£	£000	£000
Movements in shares on issue				
At beginning and end of financial year	1	1	1,068,162	1,068,162

9. Financial risk management

Treasury management

Treasury policies are reviewed and approved by the ultimate parent company's board. The J Sainsbury plc Chief Executive and Chief Financial Officer have joint delegated authority from the ultimate parent company's board to approve finance transactions.

The Group operates a central treasury function which is responsible for managing the Company's liquid resources, funding requirements and interest rate and currency exposures.

Interest rate risk

The Company's exposure to interest rate fluctuations are limited to amounts receivable from the parent company. The Company is exposed to interest rate fluctuations as interest receivable is calculated on the Bank of England base rate.

Sensitivity analysis for variable rate instruments

The Company had a carrying amount of £1,493,799,000 (2012: £1,464,446,000) receivable from the parent company as at the balance sheet date. An increase of 100 basis points in interest rates at the balance sheet date would have increased post-tax profit or loss by £11,225,000 (2012: £10,726,000).

Liquidity risk

The Company's exposure to liquidity risk is managed by funding cash flow requirements from the parent company.

Credit risk

The Company's exposure to credit risk is limited to amounts receivable from parent company.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide services to the Group and to maintain an optimal capital structure.

10. Related party transactions

The immediate and ultimate parent company and controlling party of the Company is J Sainsbury plc, which is registered in England and Wales, and forms the only group into which the financial statements of the Company are consolidated. Copies of the parent company's financial statements may be obtained from www.j-sainsbury.co.uk.

J Sainsbury (Overseas) Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

10. Related party transactions (continued)

(a) Key management personnel

The key management personnel of the Company comprise the Board of Directors. The Directors do not receive any remuneration from the Company (2012 £nil) as their emoluments are borne by other Group companies. The Company did not have any transactions with the Directors during the financial year (2012 £nil).

(b) Transactions with parent company

In prior financial years, the Company advanced monies to the parent company and now earns interest income as a result. The interest income is a non-cash transaction. Interest income of £29,353,000 (2012 £28,776,000) was earned during the financial year from the parent company and at year end there was an outstanding balance due of £1,493,799,000 (2012 £1,464,446,000).

(c) Transactions with other Group companies

During the financial year, other Group companies paid £1,916,000 (2012 £nil) on behalf of the Company. The outstanding balance at the financial year end with other Group companies was £17,958,000 (2012 £16,042,000).

(d) Consolidation

The Company is a wholly owned subsidiary of its parent company, J Sainsbury plc, and it is included in the consolidated financial statements of J Sainsbury plc, which are available at www.j-sainsbury.co.uk

(e) Transactions with other related parties

There have been no transactions with other related parties in the financial year (2012 £nil).