

Registered Company Number: 6482903

Holborn UK Investments Limited

Annual Report and Financial Statements

For the 52 weeks to 17 March 2012



Holborn UK Investments Limited
Directors' report
For the 52 weeks to 17 March 2012
Registered company number: 6482903

The Directors present their report and the audited financial statements of Holborn UK Investments Limited (the 'Company') for the 52 weeks to 17 March 2012

Business review and principal activities

The principal activity of the Company is financing other J Sainsbury plc group (the 'Group') companies

The Company's loss for the financial period was £1 million (2011 loss £1 million)

The Directors do not recommend payment of a dividend. No dividends were paid during the period (2011 £nil)

Future outlook

The financial position as at 17 March 2012 was deemed satisfactory. No change is planned in the activities of the Company in the next financial period.

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 12 of the financial statements.

Principal risks and uncertainties

From the perspective of the Company, the 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 50 and 51 of the J Sainsbury plc Annual Report and Financial Statements 2012 which does not form part of this report.

Directors

The Directors of Holborn UK Investments Limited who held office during the financial period and up to the date of signing are shown below:

R Learmont	
Sainsburys Corporate Director Limited	
R Fleming	(Resigned 18 April 2012)
E Barker	(Appointed 18 April 2012)

Financial risk management

The financial risk management and policies of the Company are disclosed in note 12 of the financial statements.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

Holborn UK Investments Limited
Directors' report (continued)
For the 52 weeks to 17 March 2012


Directors' and Officers' insurance

The Directors are entitled to be indemnified by the 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 parent company purchased and maintained Directors' and Officers' liability insurance throughout 2011/12, which was renewed for 2012/13. 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/she is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board



Philip Davies
Company Secretary
23 August 2012

Holborn UK Investments Limited
For the 52 weeks to 17 March 2012

Statement of Directors' responsibilities in respect of the financial statements

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 period. Under that law the Directors have elected to prepare 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the 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



Philip Davies
Company Secretary
23 August 2012

Independent Auditors' Report to the Members of Holborn UK Investments Limited

We have audited the financial statements of Holborn UK Investments Limited for the 52 weeks ended 17 March 2012 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Cash flow statement, the 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 Directors' Responsibilities Statement set out on page 4, 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 Directors' Report 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 17 March 2012 and of its loss 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

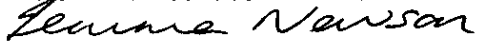
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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.


Jemma Newson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 August 2012

Holborn UK Investments Limited
Income statement
For the 52 weeks to 17 March 2012

	Note	2012 £m	2011 £m
Finance income	5	3	3
Finance costs	5	(4)	(4)
Loss before taxation		(1)	(1)
Income tax expense	6	-	-
Loss for financial period		(1)	(1)
Attributable to:			
Equity holders		(1)	(1)

Statement of comprehensive income
for the 52 weeks to 17 March 2012

	2012 £m	2011 £m
Loss for the financial period	(1)	(1)
Other comprehensive income/(expense)	-	-
Total comprehensive expense for the financial period	(1)	(1)
Attributable to:		
Equity holders	(1)	(1)

Holborn UK Investments Limited
Balance sheet
As at 17 March 2012 and 19 March 2011

	Note	2012 £m	2011 £m
Non-current assets			
Other receivables	7	65	65
		65	65
Current assets			
Other receivables	7	3	43
		3	43
Total assets		68	108
Current liabilities			
Trade and other payables	8	-	(40)
Borrowings	9	(4)	(3)
		(4)	(43)
Net current assets		(1)	-
Non-current liabilities			
Borrowings	9	(40)	(40)
		(40)	(40)
Net assets		24	25
Equity			
Called up share capital	10	-	-
Share premium account	10	180	180
Accumulated retained losses	11	(156)	(155)
Total equity		24	25

The financial statements on pages 6 to 16 were approved by the Board of Directors on 23 August 2012 and are signed on its behalf by



E Barker
Director

Holborn UK Investments Limited
Cash flow statement
For the 52 weeks to 17 March 2012

	2012 £m	2011 £m
Cash flows from operating activities		
Operating result	-	-
Increase in trade and other receivables	-	(39)
(Decrease)/increase in trade and other payables	(39)	40
Net cash from operating activities	(39)	1
Cash flows from investing activities		
Interest received	3	3
Interest paid	(4)	(4)
Net cash from investing activities	(1)	(1)
Cash flows from financing activities		
Proceeds from disposal of financial assets	40	-
Net cash from financing activities	40	-
Net increase in cash and cash equivalents	-	-
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	-	-

Statement of changes in equity
for the 52 weeks to 17 March 2012

	Called up share capital £m	Share premium account £m	Accumulated retained losses £m	Total Equity £m
At 20 March 2011	-	180	(155)	25
Total comprehensive expense	-	-	(1)	(1)
At 17 March 2012	-	180	(156)	24
	£m	£m	£m	£m
At 21 March 2010	-	180	(154)	26
Total comprehensive expense	-	-	(1)	(1)
At 19 March 2011	-	180	(155)	25

Holborn UK Investments Limited
Notes to the financial statements
For the 52 weeks to 17 March 2012

1 General information

Holborn UK Investments Limited ('the Company') is a private limited company incorporated and domiciled in the United Kingdom. The Company's registered address is 33 Holborn, London EC1N 2HT.

The financial period represents the 52 weeks to 17 March 2012 and the prior financial period represents the 52 weeks to 19 March 2011.

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 million (£m) unless otherwise stated. They have been prepared on the 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.

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

New standards, interpretations and amendments to published standards

Effective for the Company in these financial statements

- IAS 24 'Related Party Disclosures' revised definition of related parties
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'
- Amendments to certain IFRSs and IASs arising from the April 2010 Annual Improvements to IFRS by the International Accounting Standards Board ('IASB')
- Amendments to IFRIC 14 'Prepayments of a minimum funding requirement'

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 period beginning 18 March 2012:

- Amendments to IFRS 7 'Financial Instruments: Transfers of Financial Assets' *
- Amendments to IAS 12 'Income Taxes', Deferred tax accounting for investment property at fair value
- Amendments to IFRS 1, Severe hyperinflation and removal of fixed dates for first time adopters
- Amendments to IAS 1 'Presentation of financial statements' on other comprehensive income
- IAS 1 Other comprehensive income

* These standards and interpretations have been endorsed by the EU

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

2 Accounting policies (continued)

The Company has considered the above 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 periods:

- IFRS 10 'Consolidated financial statements' *
- IFRS 11 'Joint arrangements' *
- IFRS 12 'Disclosure of interests in other entities' *
- IFRS 13 'Fair value measurement' *
- Amendments to certain IFRSs and IASs arising from the April 2011 Annual Improvements to IFRS by the International Accounting Standards Board ('IASB')
- Amendment to IAS 32 'Offsetting Financial Assets and Liabilities' ^
- IAS 19 (Revised) 'Employee benefits' *
- IFRS 9 'Financial Instruments' ^
- IAS 27 (Revised) 'Separate Financial Statements' *
- IAS 28 (Revised) 'Associates and Joint Ventures' *

* These standards are effective for accounting periods starting on or after 1 January 2013

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

The Company has considered the impact of the above standards and revisions and has 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 by the Company

Taxation

Income tax on the profit or loss for the financial period comprises current tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is the expected tax payable on the taxable income for the period, and any adjustment to tax payable in respect of previous periods

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

2 Accounting policies (continued)

Financial instruments

Financial assets

The Company classifies its financial assets as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company has no intention of trading these loans and receivables. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the income statement.

Financial liabilities

Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Interest-bearing bank loans are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Fair value estimation

The methods and assumptions applied in determining the fair values of financial assets and financial liabilities are disclosed in note 13.

Derivative financial instruments

The Company's activities expose it to financial risks associated with movements in interest rates. The Company uses interest rate swap contracts to manage these exposures. The use of financial derivatives is governed by the Group's treasury policies, as approved by the J Sainsbury plc Board of Directors. The Company does not use derivative financial instruments for speculative purposes.

All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

(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 a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

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 period when such determination is made. Detail of the tax charge is set out in note 6.

3 Operating result

The auditors' remuneration has been borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company.

4 Employee costs

The average monthly number of persons (including Directors) employed by the Company during the financial period was nil (2011: nil).

All of the Directors are also employees of the ultimate parent company, 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 Finance income and finance costs

	2012 £m	2011 £m
Amounts due from parent company	3	3
Finance income	3	3
Bank loans	(4)	(4)
Finance costs	(1)	(4)

6 Income tax expense

	2012 £m	2011 £m
Loss before taxation	(1)	(1)
Income tax at UK corporation tax rate of 26.07% (2011: 28.00%)	-	-
Total income tax credit in income statement	-	-

On 23 March 2011, the Chancellor announced that the main rate of UK corporation tax would reduce from 28.0 per cent to 26.0 per cent for the financial period commencing 1 April 2011 and to 25.0 per cent with effect from 1 April 2012. The change to 25.0 per cent was substantively enacted on 5 July 2011 and hence the effect of the change on the deferred tax balances has been included in the figures above.

In addition to this, a number of further changes to the UK corporation tax system were announced in the 21 March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24.0 per cent from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24.0 per cent to 23.0 per cent from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate by one per cent per annum to 22.0 per cent by 1 April 2014. None 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.

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

7 Other receivables

	2012 £m	2011 £m
Non-current		
Amounts due from parent company	65	65
Current		
Amounts due from parent company	3	3
Interest-bearing deposit	-	40
	3	43

Non-current amounts due from the parent company are denominated in sterling, carry fixed rates of interest, and are repayable in 2015

Current amounts due from the parent company are denominated in sterling, are interest bearing at the Bank of England base rate, and are payable upon demand

Amounts due from the parent company are not considered overdue or impaired

8 Trade and other payables

	2012 £m	2011 £m
Current		
Amounts due to parent company	-	40

Current amounts due to parent are denominated in sterling, are interest bearing at the Bank of England base rate, and are repayable on demand

9 Borrowings

	2012			2011		
	Within one period £m	After one period £m	Total £m	Within one period £m	After one period £m	Total £m
Term loan due 2015	4	40	44	3	40	43
Total borrowings	4	40	44	3	40	43

As at 17 March 2012 the Company has a £40 million bilateral loan at floating rates of interest subject to a cap. The carrying amount of the loan is £44 million (2011 £43 million) and the loan is repayable over three periods

10 Called up share capital and share premium account

	2012 £	2011 £
Called up share capital		
Allotted and fully paid - ordinary shares		
10 ordinary shares of £1 each (2011 10)	10	10
	£m	£m
Share premium account		
Allotted and fully paid - ordinary shares	180	180

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

11 Accumulated losses

	£m
At 20 March 2011	(155)
Loss for the period	(1)
At 17 March 2012	(156)

	£m
At 21 March 2010	(154)
Loss for the period	(1)
At 19 March 2011	(155)

12 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 is exposed to interest rate risk on borrowings and deposits.

(i) Sensitivity analysis for amounts due from parent company

The Company had a receivable from the parent company with carrying value of £65 million (2011: £65 million) as at the balance sheet date, which is interest bearing at a fixed rate.

(iii) Cash flow sensitivity for term loan due 2015

The Company holds £40 million (2011: £40 million) of borrowings. A change of 100 basis points in the rate would have an impact of £296,000 (2011: £288,000) on the post-tax income statement.

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

12 Financial risk management (continued)

Liquidity risk

The Company has a £40 million (2011 £40 million) loan maturing in 2015

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or an estimate in respect of floating interest rate liabilities

	Less than one period £m	One to two periods £m	Two to five periods £m	More than five periods £m
17 March 2012				
Term loan due 2015	5	5	47	-
19 March 2011				
Term loan due 2015	5	5	56	-

Credit risk

The Company's exposure to credit risk is limited to amounts receivable from the parent company and deposits with banks

During the financial period there were no breaches of deposit limits and management does not expect any losses from non-performance of deposit counterparties

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

13 Financial instruments

Fair values

The fair values of financial assets and liabilities are based on the prices available from the market on which the instruments are traded where available. The fair value of all other financial assets and liabilities have been calculated by discounting future cash flows at prevailing interest rates. The fair values of short-term deposits with a maturity of less than one period are assumed to approximate their book values, and excluded from the analysis below

The term loan due in 2015 has a fair value of £51million (2011 £54 million) and carrying value of £44 million (2011 £43 million)

Amounts due from the parent company have a fair value of £72 million (2011 £72 million) and carrying value of £68 million (2011 £68 million)

Holborn UK Investments Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

13 Financial instruments (continued)

Financial instruments income, expense, gains and losses

Set out below are the accounting classifications of income, expense, gains and losses experienced on financial instruments in the 52 weeks to 17 March 2012 and 19 March 2011

	2012 £m	2011 £m
Loans and receivables		
Interest income	3	3
Other financial liabilities		
Interest expense	(4)	(4)

14 Related party transactions

The ultimate and immediate 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

(a) Key management personnel

The key management personnel of the Company comprise members of the Board of Directors. The Directors do not receive any remuneration from the Company as their emoluments are borne by Group companies. The Company did not have any transactions with the Directors during the period.

(b) Transactions with parent company

	2012 £m	2011 £m
Amounts due from parent company		
Amounts due from parent company	69	69
Net advances from the parent company	(3)	(44)
Interest earned in respect of interest bearing loans	3	3
Period end balances arising from transactions with parent company	69	28

During the financial period interest income of £3 million was earned from the parent company (2011: £3 million)