

Registered number: 07111226

# Flint Castle Limited

## Annual Report and Financial Statements

For the 52 weeks to 17 March 2012



**Flint Castle Limited**  
**Directors' report**  
**for the 52 weeks to 17 March 2012**  
**Registered company number: 07111226**

The Directors present their report and the audited financial statements of Flint Castle Limited ("the Company") for the accounting period for the 52 weeks to 17 March 2012. The comparatives presented are from the date of incorporation of the Company on 22 December 2009 to 19 March 2011.

**Business review and principal activities**

The principal activity of the Company is to act as a Limited Partner in Sainsbury's Property Scottish Limited Partnership (the 'Partnership'). The role of Limited Partner as laid out by the Limited Partnership Agreement gives the Company no part in the management or control of the business and affairs of the Partnership. The Company's profit for the period is £54 (2011: £43). The Directors do not recommend payment of a dividend (2011: nil).

**Future outlook**

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

**Key performance indicators (KPIs)**

The key performance indicators of the Company are substantially those of the J Sainsbury plc group (the 'Group'). The development, performance and position of J Sainsbury plc, which includes the Company, is discussed on pages 1 to 25 of the J Sainsbury plc Annual Report and Financial Statements 2012, which does not form part of this report.

**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 to 51 of the J Sainsbury plc Annual Report and Financial Statements 2012 which does not form part of this report.

**Directors**

The names of the persons who were Directors at any time during the period and up to the date of signing are set out below. Unless otherwise indicated they served as Directors for the entire period.

R Fleming (resigned 18 April 2012)  
E Barker (appointed 18 April 2012)  
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 has executed deeds of indemnity for the benefit of each Director in respect to liabilities which may attach to them in their capacity as Directors. The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout the 15 month period. 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.

**Financial risk management**

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

**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.

**Flint Castle Limited**  
**Directors' report (continued)**  
**for the 52 weeks to 17 March 2012**

**Independent auditors**

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

By order of the Board

A handwritten signature in black ink, appearing to be 'PD', followed by a period.

Philip Davies  
**Company Secretary**  
18 September 2012

**Flint Castle Limited**  
**Statement of Directors' responsibilities**

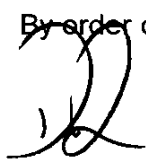
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 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,
- 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**  
18 September 2012

## **Independent Auditors' Report to the members of Flint Castle Limited**

We have audited the financial statements of Flint Castle Limited for the period 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 Statement of Directors' responsibilities 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 profit and cash flows for the period 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.

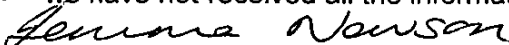
### **Opinion on other matter prescribed by the Companies Act 2006**

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  
Date 18 September 2012

**Flint Castle Limited**  
**Income statement**  
**for the 52 weeks to 17 March 2012**

	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
Revenue		<b>5</b>	<b>5</b>
<b>Operating profit</b>	<b>3</b>	<b>5</b>	<b>5</b>
Finance income	<b>5</b>	<b>49</b>	<b>38</b>
<b>Profit before and after taxation and for the financial period</b>		<b>54</b>	<b>43</b>
<b>Attributable to:</b>			
Equity owners		<b>54</b>	<b>43</b>

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

	<b>2012 £</b>	<b>2011 £</b>
<b>Profit for the period</b>	<b>54</b>	<b>43</b>
Other comprehensive income/(expense)	-	-
<b>Total comprehensive income for the period</b>	<b>54</b>	<b>43</b>

**Flint Castle Limited**  
**Balance sheet**  
**As at 17 March 2012 and 19 March 2011**

	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Non-current assets</b>			
Investments	7	100	100
<b>Current assets</b>			
Other receivables	8	10,098	10,044
<b>Total assets</b>		<b>10,198</b>	<b>10,144</b>
<b>Current liabilities</b>			
Other payables	9	(100)	(100)
<b>Net current assets</b>		<b>9,998</b>	<b>9,944</b>
<b>Net assets</b>		<b>10,098</b>	<b>10,044</b>
<b>Equity</b>			
Called up share capital	10	10,001	10,001
Retained earnings	11	97	43
<b>Total equity</b>		<b>10,098</b>	<b>10,044</b>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 18 September 2012, and are signed on its behalf by



**E Barker**  
**Director**

**Flint Castle Limited**  
**Cash flow statement**  
**for the 52 weeks to 17 March 2012**

There were no cash flows arising in the Company during the current or prior period

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

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total Equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 20 March 2011	<b>10,001</b>	<b>43</b>	<b>10,044</b>
Profit for the year	-	<b>54</b>	<b>54</b>
<b>At 17 March 2012</b>	<b>10,001</b>	<b>97</b>	<b>10,098</b>
At 22 December 2009	-	-	-
Share issue	10,001	-	10,001
Profit for the year	-	43	43
<b>At 19 March 2011</b>	<b>10,001</b>	<b>43</b>	<b>10,044</b>



**Flint Castle Limited**  
**Notes to the financial statements**  
**for the 52 weeks to 17 March 2012**

**1 General information**

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

The Company's financial period represents the 52 week period to 17 March 2012. The comparatives presented represent the 15 month period from incorporation on 22 December 2009 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 ("IFRS") 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, to the nearest pound (£) unless otherwise stated. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS 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 for the financial year 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

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' ^

**Flint Castle Limited**  
**Notes to the financial statements (continued)**  
**for the 52 weeks to 17 March 2012**

**2 Accounting Policies (continued)**

**b) Basis of preparation (continued)**

- 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 in the financial statements by the Company

**(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

*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 and deferred tax are set out in note 6

**Revenue**

Revenue is earned by means of a distribution of profits from the Company's investment in Sainsbury's Property Scottish Limited Partnership, of which the Company is a Limited Partner

**Investments**

Investments in partnerships are carried at cost less any impairment loss in the financial statements of the Partnership

**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

**Deferred taxation**

Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities

Deferred tax is recognised for all temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are

**Flint Castle Limited**  
**Notes to the financial statements (continued)**  
**for the 52 weeks to 17 March 2012**

**2 Accounting policies (continued)**

expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income

Deferred tax is provided on temporary differences associated with investments in subsidiaries, branches, joint ventures and partnerships except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

**3 Operating profit**

The auditors' remuneration, in the current period, 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 year 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**

	2012 £	2011 £
Interest receivable from Group companies	49	38
<b>Finance income</b>	<b>49</b>	<b>38</b>

**6 Income tax**

The effective tax rate is different to the standard rate of corporation tax in the UK. The differences are explained below

	2012 £	2011 £
Profit before taxation	54	43
Income tax at UK corporation tax rate of 26.07% (2011 28.00%)	14	12
Effects of		
Share of partnership profits	1	(1)
Transfer pricing adjustment	65	84
Group relief claimed for nil consideration	(80)	(95)
<b>Total income tax expense in income statement</b>	<b>-</b>	<b>-</b>

**Flint Castle Limited**  
**Notes to the financial statements (continued)**  
**for the 52 weeks to 17 March 2012**

**6 Income tax (continued)**

A number of 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.

**7 Investments**

	2012 £	2011 £
At beginning of the period	100	-
Additions	-	100
<b>At end of the period</b>	<b>100</b>	<b>100</b>

The Company has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has therefore not appended the financial statements of this qualifying partnership to these financial statements.

**8 Other receivables**

	2012 £	2011 £
<b>Current</b>		
Amounts due from parent company	1	1
Amounts due from Group companies	10,097	10,043
	<b>10,098</b>	<b>10,044</b>

Amounts due from Group companies are denominated in sterling and are interest bearing at the fixed rate of 0.5 per cent per annum.

Amounts due from Group companies are not considered overdue or impaired.

**9 Other payables**

	2012 £	2011 £
<b>Current</b>		
Amounts due to Group companies	100	100

Amounts due to Group entities are non-interest bearing and are repayable on demand.

**Flint Castle Limited**  
**Notes to the financial statements (continued)**  
**for the 52 weeks to 17 March 2012**

**10 Called up share capital**

	2012 number	2012 £	2011 number	2011 £
<b>Called up share capital</b>				
Allotted and fully paid - £1 ordinary shares	10,000	10,000	10,000	10,000
Allotted and unpaid - £1 ordinary shares	1	1	1	1

**11 Retained earnings**

	2012 £	2011 £
At start of period	43	-
Profit for the period	54	43
<b>At end of period</b>	<b>97</b>	<b>43</b>

**12 Financial risk management**

**Interest rate risk**

The Company has no exposure to interest rate fluctuations as amounts due to parent company and borrowings carry fixed rates of interest

*Sensitivity analysis*

Amounts due to parent company and borrowings are at fixed rates of interest and a change in interest rates at the reporting date would not affect the income statement

**13 Related party transactions**

The 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](http://www.j-sainsbury.co.uk)

**(a) Key management personnel**

The key management personnel of the Company comprise 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 £	2011 £
<b>Advances given to parent company</b>		
Unpaid share capital due from parent company	1	1
<b>Year end balances arising from transactions with parent company</b>		
<b>Receivables</b>		
Amounts due from parent company	1	1

**Flint Castle Limited**  
**Notes to the financial statements (continued)**  
**for the 52 weeks to 17 March 2012**

**13 Related party transactions (continued)**

**(c) Transactions with Group companies**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Advances given to Group companies</b>		
Advances given to Group companies	-	10,000
Interest income in respect of interest bearing loans	<b>49</b>	38
<b>Distribution income</b>	<b>5</b>	5
<b>Year end balances arising from transactions with Group companies</b>		
<b>Receivables</b>		
Amounts due from Group companies	<b>10,097</b>	10,043