Registered Company number: 07111226

Flint Castle Limited

Annual Report and Financial Statements

For the 52 weeks to 11 March 2017

Flint Castle Limited
Strategic report
for the 52 weeks to 11 March 2017

Principal activities and review of business
The principal activity of Flint Castle Limited (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 (dated 12 May 2010) gives the Company no part in the management or control of the business and affairs of the Partnership.

The Company's profit for the financial year is £41 (2016: £56). The financial position as at 11 March 2017 is shown in the balance sheet set out on page 7.

All material operations are carried out in the United Kingdom.

A full review of the business and the market can be found in the 2017 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website: www.about.sainsburys.co.uk.

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of J Sainsbury plc and its subsidiaries (the 'Group') and are not managed separately. Accordingly, the principal risks and uncertainties of the Group are discussed on pages 42 to 44 of the Group's Annual Report and financial statements 2017, which does 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)
The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 15 to 23 and 40 to 41 of the Group's Annual Report, which does not form part of this report.

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

By order of the Board:

Katherine Kinch
On behalf of
Sainsburys Corporate Director Limited
3 October 2017

Flint Castle Limited
Directors' report
for the 52 weeks to 11 March 2017

The Directors present their report and the audited financial statements of Flint Castle Limited (the 'Company') for the 52 weeks to 11 March 2017. The prior financial year's financial statements were for the 52 weeks to 12 March 2016.

Dividends
During the financial year, there were no dividends recommended or paid (2016: £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. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

Ed Barker
Sainsburys Corporate Director Limited

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:

Hazel Jarvis	(Resigned 12 April 2016)
Anthony Guthrie	(Appointed 12 April 2016)

Directors' indemnities
The Directors are indemnified to the extent permitted by the Articles of Association of the Company 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 2016/17, which was renewed for 2017/18. 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.

Independent auditors
Ernst & Young LLP, have indicated their willingness to continue in office.

By order of the Board:

Katherine Kinch
On behalf of
Sainsburys Corporate Director Limited
3 October 2017

Flint Castle Limited
Statement of Directors' responsibilities
for the 52 weeks to 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 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.

Ed Barker

Ed Barker
Director
3 October 2017

Independent auditors' report to the members of Flint Castle Limited

We have audited the financial statements of Flint Castle Limited for the 52 week period ended 11 March 2017 which comprise the Statement of comprehensive income, the Balance sheet, the Cash flow statement, the Statement of changes in equity and the related notes 1 to 13. 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.

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 profit 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 matters 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;

Matters on which we are required to report by exception

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.

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.

Ernst & Young LLP

Ben Marles (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor London
5 October 2017

Flint Castle Limited
Statement of comprehensive income
for the 52 weeks to 11 March 2017

	Note	2017 £	2016 £
Revenue		**5**	5
Operating profit	3	**5**	5
Finance income	5	**36**	51
Profit before tax		**41**	56
Income tax expense	6	-	-
Profit for the financial year		**41**	56

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

The notes on pages 9 to 14 are an integral part of these financial statements.

Flint Castle Limited
Balance sheet
As at 11 March 2017

	Note	2017 £	2016 £
Non-current assets			
Investments	7	**100**	100
Current assets			
Other receivables	8	**10,361**	10,320
Total assets		**10,461**	10,420
Current liabilities			
Other payables	9	**(100)**	(100)
Net current assets		**10,261**	10,220
Net assets		**10,361**	10,320
Equity			
Called up share capital	10	**10,001**	10,001
Retained earnings	11	**360**	319
Total equity		**10,361**	10,320

The notes on pages 9 to 14 are an integral part of these financial statements.

The financial statements on pages 6 to 14 were approved by the Board of Directors and were signed on its behalf by:

Ed Barker

Ed Barker
Director
3 October 2017

Flint Castle Limited
Cash flow statement
for the 52 weeks to 11 March 2017

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

The notes on pages 9 to 14 are an integral part of these financial statements.

Statement of changes in equity
for the 52 weeks to 11 March 2017

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 13 March 2016	**10,001**	**319**	**10,320**
Profit for the financial year	**-**	**41**	**41**
At 11 March 2017	**10,001**	**360**	**10,361**
At 15 March 2015	10,001	263	10,264
Profit for the financial year	-	56	56
At 12 March 2016	**10,001**	**319**	**10,320**

The notes on pages 9 to 14 are an integral part of these financial statements.

Flint Castle Limited
Notes to the financial statements
for the 52 weeks to 11 March 2017

1 General information

Flint Castle Limited (the 'Company') is a private limited company incorporated and domiciled in England and Wales. The Company's registered address is 33 Holborn, London EC1N 2HT. The Company is part of J Sainsbury plc (the 'Group').

The Company's financial year represents the 52 weeks to 11 March 2017 (prior financial year: 52 weeks to 12 March 2016).

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') 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 pound (£) 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 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.

The Company is a wholly-owned subsidiary of J Sainsbury plc and is included in the consolidated financial statements of J Sainsbury plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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.

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 of that they do not have 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 the 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 accounts 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

2 Accounting Policies (continued)
(b) Basis of preparation (continued)

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

- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'
- Amendments to IAS 7, 'Statement of cash flows' on the disclosures in the financial statements

The Company has considered the impact of the above standards and revisions and have 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.

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.

Finance income
Finance income is recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

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 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.

Investments
Investments in partnerships are held at cost, less any recognised impairment loss.

Financial instruments

Financial assets
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 at fair value plus transaction costs these assets are carried at amortised cost less impairment 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 assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has substantially transferred all risks and rewards of ownership.

Financial liabilities
Bank loans and payables 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 fair values of receivables, payables and loans of a maturity of less than one year are approximate to their book values.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The carrying amount of the asset is reduced for any impairment loss and the amount of the loss is recognised in the income statement.

2 Accounting Policies (continued)
(b) Basis of preparation (continued)

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.

(c) Significant accounting judgements, estimates and assumptions
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. Those which are significant to the Company are discussed separately below:

Estimates and assumptions
The areas where assumptions and estimates are significant to the financial statements are as described below. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

3 Operating profit
The auditors' remuneration, in the current and prior financial year, 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 (2016: 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

	2017	2016
	£	£
Interest receivable from Group companies	**36**	51
Finance income	**36**	51

6 Income tax expense

The income tax expense for the financial year was £nil (2016: £nil).

The effective tax rate of nil per cent (2016: nil per cent) is lower than (2016: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit before tax	**41**	56
Income tax at UK corporation tax rate of x 20.00% (2015: 20.05%)	**8**	11
Effects of:		
Non-taxable dividends received	**(1)**	(1)
Group relief claimed for £nil consideration	**(7)**	(10)
Total income tax expense in income statement	**-**	-

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 Investments

	2017 £	2016 £
At beginning and end of the year	**100**	100

On 6 January 2010, the Company became the General Partner of a newly formed partnership, Sainsbury's Property Scottish Limited Partnership (the 'Partnership'). The Partnership is registered in Scotland and limited under the Limited Partnerships Act 1907. 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

	2017 £	2016 £
Current		
Amounts due from parent company	**1**	1
Amounts due from Group companies	**10,360**	10,319
	10,361	10,320

Amounts due from parent and Group companies are denominated in sterling and are interest bearing at the Bank of England's base rate of 0.25 (2016: 0.5) per cent per annum.

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

9 Other payables

	2017 £	2016 £
Current		
Amounts due to Group companies	**100**	100

Amounts due to Group companies are non-interest bearing and are payable on demand.

10 Called up share capital

	2017 number	2017 £	2016 Number	2016 £
Allotted and fully paid - £1 ordinary shares	**10,001**	**10,001**	10,001	10,001
Called up share capital	**10,001**	**10,001**	10,001	10,001

11 Retained earnings

	2017 £	2016 £
At start of financial year	**319**	263
Profit for the financial year	**41**	56
At end of financial year	**360**	319

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 has no exposure to interest rate risk fluctuations as amounts due to and from the parent and group companies carry fixed rates of interest or are non-interest bearing.

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 the parent and Group companies. These are existing related party receivables with no history of default and none of the amounts are past due nor impaired.

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 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.about.sainsburys.co.uk. The company does not have a bank account; all transactions are settled on an intercompany account.

(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 financial year.

(b) Transactions with parent company

	2017 £	2016 £
Year end balances arising from transactions with parent company		
Receivables		
Amounts due from parent company	**1**	1

(c) Transactions with Group companies

	2017 £	2016 £
Advances given to Group companies		
Interest income in respect of interest bearing loans	**36**	51
Distribution of profits from Sainsbury's Property Scottish Limited Partnership	**5**	5
Year end balances arising from transactions with Group companies		
Receivables		
Amounts due from Group companies	**10,360**	10,319
Payables		
Amounts due to Group companies	**100**	100

(d) Transactions with other related parties

There have been no transactions with other related parties during the financial year.