Registered Company number:
07111248

Braemar Castle Limited

Annual Report and Financial Statements

For the 52 weeks to 12 March 2016

Braemar Castle Limited
Strategic report
for the 52 weeks to 12 March 2016

Principal activities and review of business
The principal activity of the Company is to act as the General Partner of Sainsbury's Property Scottish Limited Partnership (the 'Partnership'). The role of General Partner as laid out by the Limited Partnership Agreement (dated 12 May 2010) gives the Company the exclusive responsibility for the management and control of the business of the Partnership and the management of the assets of the Partnership.

The Company's profit for the financial year was £102,720 (2015: £85,729). The financial position as at 12 March 2016 is shown in the balance sheet set out on page 8.

All material operations are carried out in the United Kingdom.

A full review of the business and the market can be found in the 2016 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
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, which include those of the Company, are discussed on pages 36 to 38 of the Group's Annual Report and Financial Statements 2016, 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 key performance indicators 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 10 to 11 and 30 to 35 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:

Tim Fallowfield
On behalf of
Sainsburys Corporate Director Limited
5 October 2016

The Directors present their report and the audited financial statements of Braemar Castle Limited ('the Company') for the 52 weeks to 12 March 2016. The prior financial year's financial statements were for the 52 weeks to 14 March 2015.

Dividends
During the financial year, there were no dividends recommended or paid (2015: £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 has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors
The Directors of Braemar Castle Limited during the financial year and up to the date of signing the financial statements are shown below:

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 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 2015/16, which was renewed for 2016/17. 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.

Independent auditors
During the year, PricewaterhouseCoopers LLP resigned as auditors of the Company. Ernst & Young LLP were appointed as auditors for the year beginning 15 March 2015. Ernst & Young LLP, have indicated their willingness to continue in office.

Events after the balance sheet date
On 24 June 2016, a further distribution of £21,029 was made to the Company by the Partnership.

By order of the Board:

Tim Fallowfield
On behalf of
Sainsburys Corporate Director Limited
5 October 2016

Braemar Castle Limited
Statement of Directors' responsibilities
for the 52 weeks to 12 March 2016

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.

Tim Fallowfield
On behalf of
Sainsburys Corporate Director Limited
5 October 2016

Independent auditors' report to the members of Braemar Castle Limited

We have audited the financial statements of Braemar Castle Limited for the 52 week period ended 12 March 2016 which comprise the Statement of Comprehensive Income, the Balance sheet, the Cash flow statement, and the related notes 1 to 14. 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 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.

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 12 March 2016 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 the information given in the Strategic Report and 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.

Ben Marles
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor, London
10 October 2016

Braemar Castle Limited
Statement of comprehensive income
for the 52 weeks to 12 March 2016

	Note	2016 £	2015 £
Revenue		**100,001**	83,700
Operating profit	3	**100,001**	83,700
Finance income	5	**2,719**	2,029
Profit before tax		**102,720**	85,729
Income tax expense	6	**-**	-
Profit for the financial year		**102,720**	85,729

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

The notes on pages 10 to 16 are an integral part of these financial statements.

Braemar Castle Limited
Balance sheet
as at 12 March 2016

	Note	2016 £	2015 £
Non-current assets			
Investments	7	**60,000,000**	60,000,000
Current assets			
Other receivables	8	**591,662**	488,942
Total assets		**60,591,662**	60,488,942
Current liabilities			
Other payables	9	**(60,000,000)**	(60,000,000)
Net current liabilities		**(59,408,338)**	(59,511,058)
Net assets		**591,662**	488,942
Equity			
Called up share capital	10	**10,001**	10,001
Retained earnings	11	**581,661**	478,941
Total equity		**591,662**	488,942

The notes on pages 10 to 16 are an integral part of these financial statements.

The financial statements on pages 7 to 16 were approved by the Board of Directors on 5 October 2016, and are signed on its behalf by:

Ed Barker

Ed Barker
Director

Braemar Castle Limited
Cash flow statement
for the 52 weeks to 12 March 2016

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

The notes on pages 10 to 16 are an integral part of these financial statements.

Statement of changes in equity
for the 52 weeks to 12 March 2016

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 15 March 2015	**10,001**	**478,941**	**488,942**
Profit for the financial year	**-**	**102,720**	**102,720**
At 12 March 2016	**10,001**	**581,661**	**591,662**

At 16 March 2014	10,001	393,212	403,213
Profit for the financial year	-	85,729	85,729
At 14 March 2015	10,001	478,941	488,942

The notes on pages 10 to 16 are an integral part of these financial statements.

Braemar Castle Limited
Notes to the financial statements
for the 52 weeks to 12 March 2016

1 General information

Braemar Castle Limited 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 the J Sainsbury's plc group (the 'Group').

The Company's financial year represents the 52 weeks to 12 March 2016 (prior financial year: 52 weeks to 14 March 2015).

2 Accounting policies

(a) *Statement of compliance*

The 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 IFRSs.

(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. The ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. 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 Company has considered the following new standards, interpretations and amendments to published standards that were effective for the Company for the financial year beginning 15 March 2015 and concluded they are either not relevant to the Company or that they do not have a significant impact on the Company's financial statements. These standards and interpretations have been endorsed by the European Union.

- Amendments to IFRS 2, 'Share-based payments' on the definition of vesting conditions
- Amendments to IFRS 3, 'Business combinations' on scope exclusions for joint ventures and the subsequent measurement of contingent considerations
- Amendments to IFRS 8, 'Operating segments' on aggregation of operating segments and reconciliations of assets
- Amendments to IFRS 13, 'Fair value measurements' on application of the portfolio exception

2. Accounting policies (continued)

Amendments to published standards (continued)
Effective for the Company in these financial statements (continued)

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' on the proportionate restatement of accumulated depreciation/amortisation
- Amendments to IAS 19, 'Employee benefits' on the recognition of employee contributions to defined benefit plans
- Amendments to IAS 24, 'Related party disclosures' on entities providing key management personnel services
- Amendments to IAS 40, 'Investment property' on the interrelationship between IFRS 3 and IAS 40

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

- Amendments to IFRS 11, 'Joint arrangements' on the accounting for acquisitions of interests in joint operations
- Amendments to IAS 1, 'Presentation of financial statements' which clarifies existing IAS 1 requirements
- Amendments to IAS 16, 'Plant, property and equipment' and IAS 38, 'Intangible assets' *which clarifies acceptable methods of depreciation and amortisation*
- Amendments to IAS 27, "Consolidated and separate financial statements' which allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries
- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'
- 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
- Amendments to IAS 7, 'Statement of cashflows' on the disclosures in financial statements
- Amendments to IAS 12, 'Income taxes' on the recognition of deferred tax assets for unrealised losses
- Annual Improvements 2012
- Annual Improvements 2013
- Annual improvements 2014

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 the General 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.

2. Accounting policies (continued)

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.

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.

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.

(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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(c) Significant accounting judgements, estimates and assumptions (continued)

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 Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2015: 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

	2016 **£**	2015 £
Interest receivable from Group companies	**2,719**	2,029
Finance income	**2,719**	2,029

6 Income tax expense

The income tax expense for the financial year was £nil (2015: £nil).

The effective tax rate of nil per cent (2015: nil per cent) is lower than (2015: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Profit before tax	**102,720**	85,729
Income tax at UK corporation tax rate of 20.05% (2015: 21.09%)	**20,595**	18,080
Effects of:		
Transfer pricing adjustment	**(240,600)**	(265,734)
Group relief surrendered for £nil consideration	**220,005**	247,654
Total income tax expense in income statement	-	-

Reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 20 per cent to 19 per cent effective from 1 April 2017 and to 18 per cent from 1 April 2020. A further reduction in the corporation tax rate to 17 per cent, rather than 18 per cent, from 1 April 2020 was announced in the 2016 Budget.

7 Investments

	2016 £	2015 £
At start of financial year	**60,000,000**	60,000,000
At end of financial year	**60,000,000**	60,000,000

On 6 January 2010, the Company became the General Partner of a newly formed Partnership, Sainsbury's Property Scottish Limited Partnership (the 'Partnership'). On 12 May 2010 the Company made a capital contribution of £16,000,000 to the Partnership. On 25 March 2011, the Company made a second capital contribution of £44,000,000 to 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

	2016 £	2015 £
Current		
Amounts due from parent company	**1**	1
Amounts due from Group companies	**591,661**	488,941
	591,662	488,942

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

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

9 Other payables

	2016	2015
	£	£
Current		
Amounts due to Group companies	**60,000,000**	60,000,000

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

10 Called up share capital

	2016	2016	2015	2015
	number	£	number	£
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

	2016	2015
	£	£
At start of financial year	**478,941**	393,212
Profit for the financial year	**102,720**	85,729
At end of financial year	**581,661**	478,941

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 parent company and ultimate 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. 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

	2016	2015
	£	£
Year end balances arising from transactions with parent company		
Receivables		
Amounts due from parent company	**1**	1

(c) Transactions with Group companies

	2016	2015
	£	£
Advances given to Group companies		
Interest income in respect of interest bearing loans	**2, 719**	2,029
Distribution of profits from Sainsbury's Property Scottish Limited Partnership	**100,001**	83,700
Year end balances arising from transactions with Group companies		
Receivables		
Amounts due from Group companies	**591,661**	488,941
Payables		
Amounts due to Group companies	**60,000,000**	60,000,000

(d) Transactions with other related parties

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

14 Events after the balance sheet date

On 24 June 2016, a further distribution of £21,029 was made to the Company by the Partnership.