

Registered Company number:
07111248

Braemar Castle Limited

Annual Report and Financial Statements

For the 52 weeks to 11 March 2017



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

Principal activities and review of business

The principal activity of Braemar Castle Limited (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 £102,157 (2016: £102,720). 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.

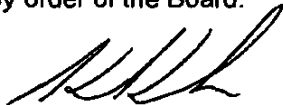
Key performance indicators (KPIs)

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

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

The Directors present their report and the audited financial statements of Braemar 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. 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:

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

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

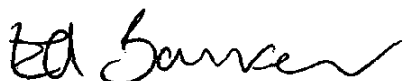
Braemar Castle Limited
Statement of Directors' responsibilities
for the 52 weeks to 11 March 2017

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
Director

3 October 2017

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 11 March 2017 which comprise the Statement of comprehensive income, the Balance sheet, the Cash flow statement, 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.

Independent auditors' report to the members of Braemar Castle Limited (continued)

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.



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

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

	Note	2017 £	2016 £
Revenue		100,007	100,001
Operating profit	3	100,007	100,001
Finance income	5	2,150	2,719
Profit before tax		102,157	102,720
Income tax expense	6	-	-
Profit for the financial year		102,157	102,720

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

The notes on pages 9 to 15 are an integral part of these financial statements.

Braemar Castle Limited
Balance sheet
as at 11 March 2017

	Note	2017 £	2016 £
Non-current assets			
Investments	7	60,000,000	60,000,000
Current assets			
Other receivables	8	693,819	591,662
Total assets		60,693,819	60,591,662
Current liabilities			
Other payables	9	(60,000,000)	(60,000,000)
Net current liabilities		(59,306,181)	(59,408,338)
Net assets		693,819	591,662
Equity			
Called up share capital	10	10,001	10,001
Retained earnings	11	683,818	581,661
Total equity		693,819	591,662

The notes on pages 9 to 15 are an integral part of these financial statements.

The financial statements on pages 6 to 15 were approved by the Board of Directors and were signed on its behalf by:



Ed Barker
Director

3 October 2017

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

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

The notes on pages 9 to 15 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	581,661	591,662
Profit for the financial year	-	102,157	102,157
At 11 March 2017	10,001	683,818	693,819
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

The notes on pages 9 to 15 are an integral part of these financial statements.

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

1 General information

Braemar 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 the J Sainsbury plc (the 'Group').

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'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 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.

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

2. Accounting policies (continued)

Amendments to published standards

Effective for the Group and 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 or that they do not have a 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 interests in 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 account 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

Standards and revisions effective for future periods:

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 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 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.

Investments

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

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

2. Accounting policies (continued)

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

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

(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 (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	2,150	2,719
Finance income	2,150	2,719

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

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	102,167	102,720
Income tax at UK corporation tax rate of 20.00% (2016: 20.05%)	20,431	20,595
Effects of:		
Transfer pricing adjustment	(204,000)	(240,600)
Group relief surrendered for £nil consideration	183,569	220,005
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 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

	2017	2016
	£	£
Current		
Amounts due from parent company	1	1
Amounts due from Group companies	693,818	591,661
	693,819	591,662

Amounts due from parent and Group companies are denominated in sterling and are interest bearing at 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.

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

9 Other payables

	2017	2016
	£	£
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

	2017	2017	2016	2016
	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

	2017	2016
	£	£
At start of financial year	581,661	478,941
Profit for the financial year	102,157	102,720
At end of financial year	683,818	581,661

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 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.

Braemar Castle Limited
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

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 Group'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 the 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	2,150	2,719
Distribution of profits from Sainsbury's Property Scottish Limited Partnership	100,007	100,001
Year end balances arising from transactions with Group companies		
Receivables		
Amounts due from Group companies	693,818	591,661
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.

Registered Number: SL007628

Sainsbury's Property Scottish Limited Partnership

Annual Report and Financial Statements

For the 52 weeks to 11 March 2017



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Sainsbury's Property Scottish Limited Partnership
'Strategic report
for the 52 weeks to 11 March 2017

Principal activities and review of business

The principal activity of Sainsbury's Property Scottish Limited Partnership (the 'Partnership') is to act as a holding company. The Partnership is a partner in Sainsbury's Property Scottish Partnership (together with Tintagel Castle Limited).

The Partnership's profit for the financial year is £29,333,399 (2016: £29,331,952). 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 Partnership, 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 Partnership, are discussed on pages 42 to 44 of the Group's annual report, which does not form part of this report. Further details on the risks relating to the Partnership are set out in note 8 to the financial statements.

Future developments

No change is planned in the activities of the Partnership 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 Partners believe that analysis using KPIs for the Partnership is not necessary or appropriate for an understanding of the development, performance or position of the business of the Partnership. The development, performance and position of the Group, which includes the Partnership, 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 Partnership are disclosed in note 8 of the financial statements.



Katherine Kinch on behalf of
Sainsburys Corporate Director Limited on behalf of
Braemar Castle Limited
3 October 2017

**Sainsbury's Property Scottish Limited Partnership
'Partners' report
for the 52 weeks to 11 March 2017**

The Partners present the report and the audited financial statements of Sainsbury's Property Scottish Limited Partnership (the 'Partnership') for the 52 weeks to 11 March 2017. The prior year's financial statements were for the 52 weeks to 12 March 2016.

Going concern

The Partners have, at the time of approving the financial statements, a reasonable expectation that the Partnership 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.

Partners

The names of the partners who were Partners 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 Partners for the entire financial year.

Flint Castle Limited (Limited Partner)
J Sainsbury Pension Scheme Trustees Limited (Limited Partner)
Braemar Castle Limited (General Partner)

Disclosure of information to auditors

Each of the Partners confirms that, so far as he is aware, there is no relevant audit information of which the auditors are unaware. Each Partner has taken all steps that he ought to have taken as a Partner in order to make himself 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.

For and on behalf of Sainsbury's Property Scottish Limited Partnership,




Katherine Kinch on behalf of
Sainsburys Corporate Director Limited on behalf of
Braemar Castle Limited
3 October 2017

Sainsbury's Property Scottish Limited Partnership
Statement of Partners' responsibilities
for the 52 weeks to 11 March 2017

The Partners are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in note 2 for management purposes. The Partners must not approve the non-statutory financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these non-statutory financial statements, the Partners have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied;
- prepared the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Partners are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Ed Barker
On behalf of Braemar Castle Limited

3 October 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAINSBURY'S PROPERTY SCOTTISH LIMITED PARTNERSHIP

We have audited the financial statements of Sainsbury's Property Scottish Limited Partnership 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 partners' interests and the related notes 1 to 10. 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 partnerships' members, as a body, in accordance with our engagement letter dated 2 November 2016. Our audit work has been undertaken so that we might state to the partnership'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 partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of partners and auditor

As explained more fully in the Partners' responsibilities statement set out on page 3, the partners 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.

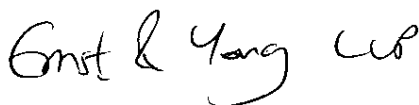
Scope of the audit of the financial statements

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 partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the partners; 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 partnership's affairs as at 11 March 2017 and of its profit for the period then ended; and
- ▶ have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.



Ernst & Young LLP
London
5 October 2017

Sainsbury's Property Scottish Limited Partnership
Statement of comprehensive income
for the 52 weeks to 11 March 2017

	2017	2016
	£	£
Revenue	29,333,399	29,331,952
Profit for the financial year	29,333,399	29,331,952
Attributable to:		
Profit available for distribution among partners	29,333,399	29,331,952

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

The notes on pages 10 to 13 are an integral part of these financial statements.

Sainsbury's Property Scottish Limited Partnership
Balance sheet
As at 11 March 2017

	Note	2017 £	2016 £
Non-current assets			
Investments	5	600,000,100	600,000,100
Total assets		600,000,100	600,000,100
Net assets attributable to partners		600,000,100	600,000,100
Represented by:			
Partners' current account	6	-	-
Partners' capital	7	600,000,100	600,000,100
Total partners' interests		600,000,100	600,000,100

The notes on pages 10 to 13 are an integral part of these financial statements.

The financial statements on pages 6 to 13 were authorised for issue and signed on behalf of the partners of Sainsbury's Property Scottish Limited Partnership by:



Ed Barker
On behalf of Braemar Castle Limited
3 October 2017

Sainsbury's Property Scottish Limited Partnership
Cash flow statement
for the 52 weeks to 11 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations		29,333,399	29,331,952
Net cash from operating activities		29,333,399	29,331,952
Cash flows from financing activities			
Distribution paid	9	(29,333,399)	(29,331,952)
Net cash used in financing activities		(29,333,399)	(29,331,952)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
Closing cash and cash equivalents		-	-

The notes on pages 10 to 13 are an integral part of these financial statements.

Sainsbury's Property Scottish Limited Partnership
Statement of changes in partners' interests
for the 52 weeks to 11 March 2017

	Available for distribution among partners £
At 12 March 2016	-
Profit for the financial year	29,333,399
Profit distributed in financial year	(29,333,399)
At 11 March 2017	-
At 15 March 2015	-
Profit for the financial year	29,331,952
Profit distributed in financial year	(29,331,952)
At 12 March 2016	-

The notes on pages 10 to 13 are an integral part of these financial statements.

Sainsbury's Property Scottish Limited Partnership
Notes to the financial statements
for the 52 weeks to 11 March 2017

1 General information

Sainsbury's Property Scottish Limited Partnership (the 'Partnership') is a qualifying Scottish Partnership which is registered in Scotland and is limited under the Limited Partnerships Act 1907. The Partnership's registered address is Scottish Commercial Office, Hurlawcrook Road, Langlands Park Industrial Estate, East Kilbride, G75 0QH, United Kingdom. The Partnership is part of the J Sainsbury plc (the 'Group').

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

2 Accounting policies

(a) Statement of compliance

The Partnership'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.

(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

After making enquiries, the Partners have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Partnership has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis 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 or that they do not have a 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 interests in 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 account 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

Sainsbury's Property Scottish Limited Partnership
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

2 Accounting policies (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 financial statements

The Partnership has considered the impact of the above standards and revisions and concluded that they will not have a significant impact on the Partnership'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 Partnership's investment in Sainsbury's Property Scottish Partnership, an unincorporated Scottish Partnership, of which the Partnership is a partner. This income is determined via the provisions detailed in the Partnership Agreement.

Investments

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

Partners' capital

Partners' capital has been classified as equity.

Tax

No tax is recorded in the financial statements of the Partnership, as all tax liabilities are liabilities of the Partners, not the Partnership.

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

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.

Sainsbury's Property Scottish Limited Partnership
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

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 Partnership.

4 Employee costs

The average monthly number of persons (including Partners) employed by the Partnership during the current and previous financial year was nil (2016: nil).

5 Investments

	2017 £	2016 £
Beginning and end of financial year	600,000,100	600,000,100

6 Partners' current account

	General Partner £	Limited Partners £	Total £
Balance at beginning of financial year	-	-	-
Share of profit	100,007	29,233,392	29,333,399
Distributions	(100,007)	(29,233,392)	(29,333,399)
Balance at end of financial year	-	-	-

7 Partners' capital

	General Partner £	Limited Partners £	Total £
As at 12 March 2016 and 11 March 2017	60,000,000	540,000,100	600,000,100
As at 15 March 2015 and 12 March 2016	60,000,000	540,000,100	600,000,100

Sainsbury's Property Scottish Limited Partnership
Notes to the financial statements (continued)
for the 52 weeks to 11 March 2017

8. 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 Partnership's liquid resources, funding requirements and interest rate and currency exposures.

Interest rate risk

The Partnership has no exposure to interest rate fluctuations.

Liquidity risk

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

Credit risk

The Partnership has no exposure to credit risk.

Capital risk management

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

9. Related party transactions

The Partnership is managed by three partners, Flint Castle Limited, Braemar Castle Limited and J Sainsbury Pension Scheme Trustees Limited. The Partners share control over the operation of the Partnership as set out in the Partnership Agreement. The Partners do not receive any remuneration from the Partnership. The Partnership did not have any transactions with the partners other than by way of the receipt and subsequent re-distribution of income as per the Partnership Agreement.

(a) Transactions with Partners

	2017 £	2016 £
Distribution of profits from Sainsbury's Property Scottish Partnership	29,333,399	29,331,952
Distribution of profits to the Partners	(29,333,399)	(29,331,952)

(b) Transactions with other related parties

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

10. Events after the balance sheet date

In June 2017 a further distribution of £8,946,646 was made to the Partnership by Sainsbury's Property Scottish Partnership. The Partnership distributed its funds to its Partners in accordance with the provisions of the Partnership Agreement.