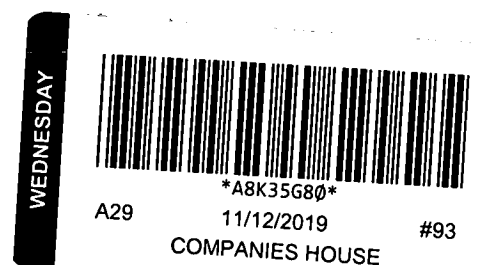


Sainsbury's Intermediate Holdings Limited

Annual Report and Financial Statements

For the 52 weeks to 9 March 2019



Sainsbury's Intermediate Holdings Limited
Strategic Report
for the 52 weeks to 9 March 2019

Principal activities and review of business

The principal activity of Sainsbury's Intermediate Holdings Limited ('the Company') during the financial period was investment in subsidiary companies. The Company was incorporated on 14 April 2016 to hold the investment in Home Retail Group Limited.

The Company's profit for the financial period was £nil (2018: loss of £66,246,000). The financial position as at 9 March 2019 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 2019 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, which include those of the Company, are discussed on pages 30 to 36 of the Group's Annual Report and Financial Statements 2019, which do not form part of this report.

Future developments

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

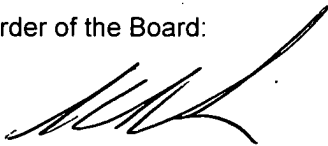
Key performance indicators (KPIs)

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 3 to 27 and 28 to 29 of the Group's annual report, which does not form part of this report.

Financial risk management

The financial risk management policies of the Company are disclosed in note 24 on pages 130 to 140 of the Group's Annual Report.

By order of the Board:



Katherine Kinch
On behalf of **Sainsburys Corporate Director Limited**
4 December 2019

Sainsbury's Intermediate Holdings Limited
Directors' Report
for the 52 weeks to 9 March 2019

The Directors present their report and audited financial statements of Sainsbury's Intermediate Holdings Limited (the 'Company') for the 52 weeks to 9 March 2019. The prior financial year's financial statements were for the 52 weeks to 10 March 2018.

Dividends

During the financial period, there were no dividends approved or paid (2018: £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 Directors of the Company who held office during the financial period and up to the date of signing the financial statements are shown below:

Mike Coupe	(Resigned 31 October 2019)
John Rogers	(Resigned 31 October 2019)
Bruce Richardson	(Appointed 31 October 2019)
Sainsburys Corporate Director Limited	(Appointed 31 October 2019)

Company Secretary

The Company Secretaries of the Company who held office during the financial period and up to the date of signing the financial statements are shown below:

Julia Foo	(Appointed 14 June 2019)
Timothy Fallowfield	(Appointed 3 May 2018 and resigned 14 June 2019)
Anthony Guthrie	(Resigned 3 May 2018)

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 2018/19, which was renewed for 2019/20. 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 they are aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that they ought to have taken as a Director in order to make themselves 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**
4 December 2019

Sainsbury's Intermediate Holdings Limited
Statement of Directors' Responsibilities
for the 52 weeks to 9 March 2019

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 period. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, 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.



Bruce Richardson

Director

4 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Sainsbury's Intermediate Holdings Limited

Opinion

We have audited the financial statements of Sainsbury's Intermediate Holdings Limited for the 52 week period ended 9 March 2019 which comprise of the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 8, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 9 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Sainsbury's Intermediate Holdings Limited (Continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Ben Marles (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 December 2019

Sainsbury's Intermediate Holdings Limited
Statement of comprehensive income
for the 52 weeks to 9 March 2019

	Note	2019 £'000	2018 £'000
Revenue		-	-
Impairment of Investment in Subsidiary	6	-	(66,246)
Operating profit/(loss)	3	-	(66,246)
Profit/(loss) before tax		-	(66,246)
Income tax expense	5	-	-
Profit/(loss) for the financial period		-	(66,246)

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

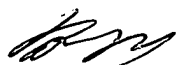
The notes on pages 9 to 13 are an integral part of these financial statements.

Sainsbury's Intermediate Holdings Limited
Balance Sheet
as at 9 March 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments in subsidiaries	6	1,233,517	1,233,517
		1,233,517	1,233,517
Total assets		1,233,517	1,233,517
Net assets		1,233,517	1,233,517
Equity			
Called up share capital	7	8,134	8,134
Retained earnings	8	1,225,383	1,225,383
Total equity		1,233,517	1,233,517

The notes on pages 9 to 13 are an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors and were signed on its behalf by:



Bruce Richardson
Director
 4 December 2019

Sainsbury's Intermediate Holdings Limited
Statement of changes in equity
for the 52 weeks to 9 March 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 11 March 2018	8,134	1,225,383	1,233,517
Profit for the financial period	-	-	-
At 9 March 2019	8,134	1,225,383	1,233,517
At 12 March 2017	8,134	1,291,629	1,299,763
Loss for the financial period	-	(66,246)	(66,246)
At 10 March 2018	8,134	1,225,383	1,233,517

The notes on pages 9 to 13 are an integral part of these financial statements.

Sainsbury's Intermediate Holdings Limited
Notes to the financial statements
for the 52 weeks to 9 March 2019

1 General information

Sainsbury's Intermediate Holdings Limited is a private limited company (the '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 immediate and ultimate parent and controlling company of the Company is J Sainsbury plc, which is registered in England and Wales. J Sainsbury plc is the ultimate parent company into which the Company's financial statements are consolidated. Copies of the ultimate parent company's financial statements may be obtained from www.about.sainsburys.co.uk.

The financial period represents the 52 weeks to 9 March 2019 (prior financial period: 52 weeks to 10 March 2018).

2 Accounting policies

(a) Statement of compliance

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. J Sainsbury plc's address is 33 Holborn, London, EC1N 2HT.

The Company's financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union.

FRS 101 sets out amendments to IFRS as adopted by the European Union that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of comprehensive income, Balance sheet or Statement of changes in equity for the Company for the 52 weeks ended 9 March 2019.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement.
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values.
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1.

(b) Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand ('£000') 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 FRS 101 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.

Sainsbury's Intermediate Holdings Limited
Notes to the financial statements (continued)
for the 52 weeks to 9 March 2019

2 Accounting policies (continued)

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.

Amendments to published standards

Effective for the Company in these financial statements:

The Company has considered the following amendments to published standards that are effective for the Company for the financial period beginning 11 March 2018 and concluded that they are either not relevant to the Company or that they do not have a significant impact on the Company's financial statements other than disclosures. These standards and interpretations have been endorsed by the European Union.

- Amendments to IFRS 2 'Share-based Payment' on the classification and measurement of share-based payment transactions
- Amendments to IAS 40 'Investment Property' on the transfers of investment property
- IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements Cycle 2014-2016 (issued in December 2016)
- IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts'
- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

Standards and revisions effective for future periods:

- IFRS 16 'Leases'
- IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to IFRS 9 'Financial Instruments' on prepayment features with negative compensation
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of material
- Amendments to IAS 19 'Employee Benefits' on plan amendments, curtailments or settlements
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' on long-term interests in associates and joint ventures
- Annual Improvements Cycle 2015-2017 (issued in December 2017)

The accounting policies set out below have been applied consistently to all financial periods presented in the financial statements by the Company.

Dividend Income

Dividend income relates to dividends received from subsidiaries.

Investments in subsidiaries undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Any impairment charge is recognised in the income statement in the period it occurs.

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, in which case the current tax is also dealt with in equity, or other comprehensive income, respectively.

2 Accounting policies (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 FRS 101 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 judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Judgements

In the process of applying the Company's accounting policies, management do not consider any judgements to have a significant effect on the amounts recognised in the financial statements.

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.

3 Operating profit/(loss)

Administrative charges and auditor's remuneration have been borne by the ultimate parent company, J Sainsbury plc, or other Group companies.

4 Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial period was nil (2018: 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.

Sainsbury's Intermediate Holdings Limited
Notes to the financial statements (continued)
for the 52 weeks to 9 March 2019

5 Income tax expense

The income tax expense for the financial period was £nil (2018: nil).

	2019	2018
	£'000	£'000
Profit/(loss) before tax	-	(66,246)
Income tax at UK corporation tax rate of 19.00% (2018: 19.06%)	-	(12,626)
Impairment of subsidiaries not deductible for taxation purposes	-	12,626
Total tax expense in income statement	-	-

The main rate of UK corporation tax reduced from 20 per cent to 19 per cent 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 a prior period, 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.

6 Investments in subsidiaries

	2019	2018
	£'000	£'000
Beginning of the year	1,233,517	1,299,763
Impairment in subsidiaries	-	(66,246)
End of the year	1,233,517	1,233,517

The Company's subsidiaries held as at 9 March 2019 were:

Name of subsidiary undertaking	Country of registration	Holdings	£'000	Proportion of voting rights and shares held
Home Retail Group Limited	England	813,445,001 ordinary shares	1,299,071	100%

7 Called up share capital

	2019	2018	2019	2018
	Number	Number	£'000	£'000
Called up share capital				
Allotted and fully paid - ordinary shares of £0.01	813,445,001	813,445,001	8,134	8,134
Allotted and fully paid - deferred shares of £0.01	1	1	-	-
	813,445,002	813,445,002	8,134	8,134

Sainsbury's Intermediate Holdings Limited
Notes to the financial statements (continued)
for the 52 weeks to 9 March 2018

8 Retained earnings

	£'000
At 11 March 2018	1,225,383
Profit for the financial period	-
At 9 March 2019	1,225,383
At 12 March 2017	1,291,629
Loss for the financial period	(66,246)
At 10 March 2018	1,225,383