

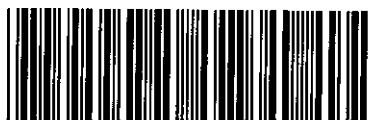
COMPANY NUMBER: FC 025390

HOLBORN FUNDING LIMITED

NON-STATUTORY REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS TO 25 MARCH 2006

SATURDAY



A9Z3DM6Q

A27

13/01/2007

291

COMPANIES HOUSE

Holborn Funding Limited
Report of the Directors
For the 52 weeks to 25 March 2006

The Directors present their report and the audited non-statutory financial statements of the Company for the 52 weeks to 25 March 2006.

Principal activities and review of business

The Company was incorporated in the Cayman Islands on 6 April 2004. The principal activity of the Company during the period was the lending of monies.

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

Results and Dividends

The Company's profit on the ordinary activities of the Company before taxation amounted to £41,471,000 (2005: £35,097,000). The Directors do not recommend the payment of a dividend (2005: £nil).

Directors and their interests

The Directors of Holborn Funding Limited during the period and subsequent to the period ended 25 March 2006 are shown below:

T Fallowfield	(appointed 7 April 2004, resigned 24 June 2005)
J S Lavelli	(appointed 7 April 2004, resigned 29 July 2005)
R J Learmont	
J P Mason	(appointed 7 April 2004, resigned 9 November 2005)
R J Matthews	(appointed 7 April 2004, resigned 24 June 2005)
G Willits	(appointed 9 November 2005)

The Directors do not have any interests in the share capital of the Company, or any of its subsidiaries.

Holborn Funding Limited
Report of the Directors
For the 52 weeks to 25 March 2006 (continued)

The number of 28 ⁴/₇p (2005: 28 ⁴/₇p) ordinary shares, B shares of 35p (2005: 35p) and options over 28 ⁴/₇p (2004: 28 ⁴/₇p) ordinary shares of J Sainsbury plc held by Directors who were not also Directors of the ultimate parent company, and their immediate families, were:

	<u>Ordinary shares</u>		<u>B shares</u>	
	25 March 2006	26 March 2005	25 March 2006	26 March 2005
Beneficially owned:				
R J Learmont	659	548	175	175
G Willits	-	-	-	-

The B shares receive a preference dividend of 75% of the 6 month LIBOR, until their redemption which is fixed at 35 pence per B share. The future redemption dates are 18 January and 18 July each year until 18 July 2007. B shareholders have no voting rights except in a resolution for the winding up of the Company.

	<u>Share options</u>			
	26 March 2005*	Granted during year	Exercised during year	Lapsed during year
R J Learmont	187,648	47,500	-	(141,769)
G Willits	153,430	-	-	-
				25 March 2006
				93,379
				153,430

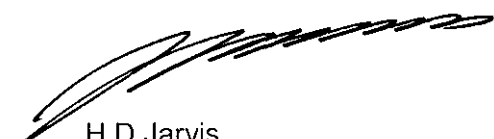
* Or at date of appointment

The interest of R J Matthews, who was also a Director of the ultimate parent company, J Sainsbury plc until 24 June 2005, is shown in the annual report of that company.

Auditors

The directors have appointed PricewaterhouseCoopers LLP, as auditors of the Company. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By Order of the Board



H D Jarvis
Secretary

Holborn Funding Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of that period, and of the profit or loss of the Company for that period. In preparing financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. 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.

Holborn Funding Limited

Independent auditors' report to the Directors of Holborn Funding Limited

We have audited the financial statements of Holborn Funding Limited for the 52 weeks ended 25 March 2006 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's Directors to assist the Directors to discharge their stewardship obligations and fiduciary responsibilities in respect of the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

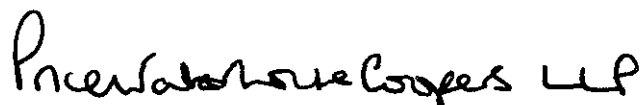
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 25 March 2006 and of its profit and cash flows for the year then ended.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London

21 December 2006

Holborn Funding Limited
Profit and loss account
for the 52 weeks to 25 March 2006

		2006 £'000	2005 £'000
	<u>Note</u>		
Interest receivable	4	41,471	35,097
Profit on ordinary activities before taxation		41,471	35,097
Tax on profit on ordinary activities	5	-	-
Profit for the financial period		41,471	35,097
Dividends		-	-
Retained profit for the financial period		41,471	35,097

All the activities of the Company are continuing.

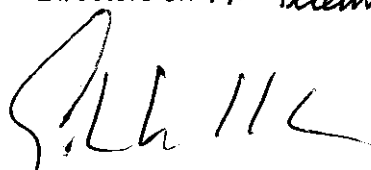
There are no recognised gains or losses other than the profit for the year above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

Holborn Funding Limited
Balance sheet
as at 25 March 2006

	<u>Note</u>	2006 £'000	2005 £'000
Current assets			
Debtors	6	952,977	911,506
Net assets		952,977	911,506
Capital and reserves			
Called up share capital	7	16	16
Share premium	8	876,393	876,393
Profit and loss account	8	76,568	35,097
Total shareholders' funds	9	952,977	911,506

The non-statutory financial statements on pages 5 to 9 were approved by the Board of Directors on *19th December 2006* and are signed on its behalf by:


 Director

The notes on pages 7 to 9 form part of these financial statements.

Holborn Funding Limited
Notes to the Financial Statements
for the 52 weeks to 25 March 2006

1. Accounting Policies

a) Basis of financial statements

The financial statements are not prepared under section 226 of the Companies Act 1985. The financial statements have been prepared on the historical cost basis, solely for management purposes. The directors have prepared these non-statutory financial statements to support the tax return made to HM Customs and Revenue.

b) Cash flow and related party disclosures

The Company is a wholly-owned subsidiary of the ultimate holding company J Sainsbury plc and is included in the consolidated financial statements of J Sainsbury plc, which are publicly available. The directors have taken advantage of the exemption available under FRS 8 "Related Party Transactions" not to disclose transactions or balances with other members of the J Sainsbury plc group.

c) Financial instruments

Loans receivable

Interest income is recognised as it becomes receivable. Loans receivables are reviewed for impairment at each balance sheet date or when events indicate that the carrying value is not recoverable.

Loans payable

Interest is accrued as it becomes payable.

2. Auditors' remuneration

Any expenses incurred, including auditors' remuneration, have been borne by the ultimate parent undertaking, J Sainsbury plc or other group undertakings.

3. Employees and Directors' remuneration

The average monthly number of persons (including Executive Directors) employed by the Company during the period was nil (2005: nil).

All of the Directors are also Directors or employees of the parent company J Sainsbury plc, and in some cases are directors of other group undertakings. For those Directors who are also directors of J Sainsbury plc their emoluments are borne by J Sainsbury plc. However, the Directors do not believe it is possible to meaningfully allocate these emoluments between their respective duties. The emoluments of those Directors who are directors of the parent company are disclosed in the financial statements of J Sainsbury plc. The Directors do not receive any remuneration from the Company.

4. Interest receivable

	2006	2005
	£'000	£'000
Interest receivable from group undertakings	41,471	35,097

Holborn Funding Limited
Notes to the Financial Statements
for the 52 weeks to 25 March 2006 (continued)

5. Tax on profit on ordinary activities

	2006	2005
	£'000	£'000
The tax charge based on the profit for the year is:		
Corporation tax at 30% (2005: nil)	-	-
	-	-

The tax charge for the year is different to the profit before tax multiplied by the standard rate of tax. The difference is explained as follows:

	2006	2005
	£'000	£'000
Profit before tax	41,471	35,097
Expected tax charge at 30% (2005: nil)	12,441	10,529
Group relief received for nil consideration	(12,441)	(10,529)
Actual tax charge	-	-

6. Debtors

	2006	2005
	£'000	£'000
Revolving loan due from group undertaking	15,660	15,660
Loans due from group undertaking	876,679	876,679
Interest receivable from group undertaking	60,638	19,167
	952,977	911,506

The revolving loan to the ultimate parent company matures on 11 April 2007 and yields a variable rate of interest.

The loans to the ultimate parent company mature on 11 April 2007 and yield a fixed rate of interest of 4.75%.

The interest receivable from the ultimate parent is due on 11 April 2007.

7. Called up share capital

	2006	2005
	£'000	£'000
Authorised		
2,500,000 ordinary shares of £0.01 each	25	25
Allotted, called-up and fully paid		
1,608,672 ordinary shares of £0.01 each	16	16

Holborn Funding Limited
Notes to the Financial Statements
for the 52 weeks to 25 March 2006 (continued)

8. Reserves

	Share Premium account £'000	Profit and loss account £'000
At 26 March 2005	876,393	35,097
Retained profit for the financial period	-	41,471
At 25 March 2006	876,393	76,568

On 14 April 2004, Holborn Funding Limited issued 50,000 ordinary shares to Stores Investments Limited at par. On the same date a further 277,660 ordinary shares were issued to Stores Investments Limited at £153,998,891, representing a premium of £153,996,114.

On 29 April 2004, Holborn Funding Limited issued 1,281,012 ordinary shares to Stores Investments Limited at £722,409,713 representing a premium of £722,396,903.

Holborn Funding Limited loaned the proceeds of the share transactions described above to J Sainsbury plc, its ultimate parent, as set out in note 6.

9. Reconciliation of shareholders' funds

	£'000
Shareholders' funds at 26 March 2005	911,506
Profit for the financial period	41,471
Net proceeds from issue of share capital	-
Shareholders' funds at 25 March 2006	952,977

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stores Investments Limited.

The ultimate parent undertaking 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 undertaking's financial statements may be obtained from the Secretary, J Sainsbury plc, 33 Holborn, London EC1N 2HT.