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CAYMAN ISLANDS COMPANY NUMBER: WK-134589
FOREIGN COMPANY NUMBER: FC 025390

HOLBORN FUNDING LIMITED

**NON-STATUTORY ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE 52 WEEKS TO 17 MARCH 2012

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Holborn Funding Limited
Directors' report
For the 52 weeks to 17 March 2012
Registered company number: FC025390

The Directors present their report and the audited non-statutory financial statements of Holborn Funding Limited ('the Company') for the 52 weeks to 17 March 2012

Principal activities and review of business

The principal activity of the Company during the period was the lending of monies to other member companies of the J Sainsbury plc group ('the Group')

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of 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 50 to 51 of the J Sainsbury plc Annual Report and Financial Statements 2012 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

Results and dividends

The Company's profit for the financial period was £17,842,000 (2011 £2,415,000)

No dividend has been recommended or paid during the financial period (2011 £nil)

Financial risk management

The financial risk management and policies of the Company are disclosed in note 11 of the financial statements

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

The Directors of Holborn Funding Limited who held office during the financial period and up to the date of signing are shown below

R J Learmont
Sainsburys Corporate Director Limited

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 2011/12, which was renewed for 2012/13. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Disclosure of information to auditors

Each of the Directors confirms that, so far as he/she is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board:

Philip Davies
Company Secretary
23 August 2012



Holborn Funding Limited
Statement of Directors' responsibilities
for the 52 weeks to 17 March 2012

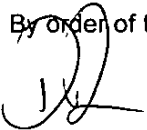
Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in note 1 for management purposes. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory financial statements. In preparing these non-statutory financial statements, the directors 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 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. 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.

By order of the Board



Philip Davies
Company Secretary
23 August 2012

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HOLBORN FUNDING LIMITED

We have audited the financial statements of Holborn Funding Limited for the 52 weeks to 17 March 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of these financial statements is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 2 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 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.

This report, including the opinion, has been prepared for and only for the Directors for management purposes in accordance with our engagement letter dated 31 July 2012 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 including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 17 March 2012 and of its profit for the 52 weeks then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 August 2012

Holborn Funding Limited
Profit and loss account
for the 52 weeks to 17 March 2012

	Note	2012 £'000	2011 £'000
Interest income	4	22,138	5,472
Profit on ordinary activities before taxation		22,138	5,472
Tax expense on profit on ordinary activities	5	(4,296)	(3,057)
Profit for the financial period		17,842	2,415

All the activities of the Company are continuing

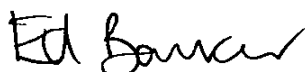
Statement of total recognised gains and losses
for the 52 weeks to 17 March 2012

	2012 £'000	2011 £'000
Profit for the financial period	17,842	2,415
Total recognised gains and losses for the financial period	17,842	2,415

Holborn Funding Limited
Balance sheet
at 17 March 2012 and 19 March 2011

	Note	2012 £'000	2011 £'000
Current assets			
Debtors	6	1,126,583	1,104,445
Cash		1	1
		1,126,584	1,104,446
Current liabilities			
Trade and other payables	7	(3,193)	(1,525)
Taxes payable	5	(4,160)	(1,532)
		(7,353)	(3,057)
Net current assets		1,119,231	1,101,389
Net assets		1,119,231	1,101,389
Shareholders' funds			
Called up share capital	8	16	16
Share premium account	9	876,393	876,393
Profit and loss account	9	242,822	224,980
Total shareholders' funds	9	1,119,231	1,101,389

The non-statutory financial statements on pages 4 to 8 were approved by the Board of Directors on 23 August 2012 and are signed on its behalf by



Ed Barker
On behalf of Sainsburys Corporate Director Limited
Director

Holborn Funding Limited
Notes to the financial statements
for the 52 weeks to 17 March 2012

1. Accounting policies

a) Basis of preparation

The financial statements are not prepared under the Companies Act 2006. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements are presented in sterling, rounded to the nearest thousand (£000) unless otherwise stated and have been prepared on the going concern and historical cost bases, solely for management purposes.

The Directors have prepared these non-statutory financial statements to support the tax return made to HM Revenue & Customs.

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 available at www.j-sainsbury.co.uk. Consequently, advantage has been taken of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements' (revised 1996). The Company has also taken advantage of the exemption available under FRS 8 'Related party transactions' not to disclose transactions or balances with other members of the Group.

c) Financial instruments

Loans receivable

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

The Company has taken advantage of FRS 29 paragraph 2D(a) which exempts it from the requirements of FRS 29 (Financial Instruments – disclosures) as the Group financial statements contain disclosures that comply with this standard.

d) Taxation

Corporation tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, and any adjustment to tax payable in respect of previous periods.

2. Auditors' remuneration

Auditors' remuneration has been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2011 and 2012.

3. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial period was nil (2011: nil).

All of the Directors are employees of J Sainsbury plc or other Group company. 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 profit and loss account does not include emoluments in respect of the Directors.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 17 March 2012

4 Interest income

	2012	2011
	£'000	£'000
Interest income	22,138	5,472

5. Tax expense on profit on ordinary activities

	2012	2011
	£'000	£'000
Current period	4,160	1,532
Under provision in prior periods	136	1,525
Current period tax charge	4,296	3,057

The tax charge for the period is different from the profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK (26.07 per cent). The difference is explained as follows:

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	22,138	5,472
Profit on ordinary activities multiplied by the standard rate in the UK 26.07% (2011: 28.00%)	5,771	1,532
Effects of:		
Transfer pricing adjustment	(22)	-
Group relief claimed for nil consideration	(1,589)	-
Under provision in prior periods	136	1,525
Current tax charge for the period	4,296	3,057

A number of changes to the UK corporation tax system were announced in the 21 March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24.0 per cent from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24.0 per cent to 23.0 per cent from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate by one per cent per annum to 22.0 per cent by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, their effect is not included in the financial statements.

6. Debtors

	2012	2011
	£'000	£'000
Amounts due from Group undertaking	1,126,583	1,104,445

The loan to the ultimate parent company is denominated in sterling, yields a variable rate of interest calculated with reference to the Bank of England base rate and is repayable on demand.

7. Trade and other payables

	2012	2011
	£'000	£'000
Amounts due to Group undertakings	3,193	1,525

Amounts due to group undertakings are denominated in sterling, non-interest bearing and are repayable on demand.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 17 March 2012

8. Called up share capital

	2012 £'000	2011 £'000
Allotted and fully paid		
1,608,672 ordinary shares of £0.01 each (2011: 1,608,672)	16	16

9. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 20 March 2011	16	876,393	224,980	1,101,389
Profit for the financial period	-	-	17,842	17,842
At 17 March 2012	16	876,393	242,822	1,119,231
At 21 March 2010	16	876,393	222,565	1,098,974
Profit for the financial period	-	-	2,415	2,415
At 19 March 2011	16	876,393	224,980	1,101,389

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stores Investments Limited, a company incorporated in the Cayman Islands.

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 www.j-sainsbury.co.uk.

11 Financial risk management

Treasury management

Treasury policies are reviewed and approved by the parent company's board. The J Sainsbury plc Chief Executive and Chief Financial Officer have joint delegated authority from the 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's exposure to interest rate fluctuations is limited to amounts receivable from the parent company. The Company is exposed to interest rate fluctuations as interest receivable is calculated on the Bank of England base rate.

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 parent company.

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.

Fair value estimation

The fair values of receivables and payables with a maturity of less than one period are assumed to be approximately their book values.