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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 16 MARCH 2013

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Holborn Funding Limited
Directors' report
For the 52 weeks to 16 March 2013
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 16 March 2013 (prior financial year 52 weeks to 17 March 2012)

Principal activities and review of business

The principal activity of the Company during the financial year was the lending of monies to other member companies of the J Sainsbury plc group ('the Group'). The Company's profit for the financial year was £21,529,000 (2012 £17,842,000)

A full review of the business and the market can be found in the 2013 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website www.j-sainsbury.co.uk

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of 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 51 to 53 of the J Sainsbury plc Annual Report and Financial Statements 2013 which do 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)

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

Financial risk management

The financial risk management and policies of the Company are disclosed in note 12 of the financial statements

Dividends

The Directors do not recommend the payment of a dividend and no dividends were paid during the financial year (2012 £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, will continue to support the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Directors

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


R J Learmont
Sainsburys Corporate Director Limited

Holborn Funding Limited
Directors' report
For the 52 weeks to 16 March 2013
Registered company number: FC025390

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 2012/13, which was renewed for 2013/14. 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.

By order of the Board



Philip Davies
Company Secretary
9 December 2013

Holborn Funding Limited
Statement of Directors' responsibilities
for the 52 weeks to 16 March 2013

Statement of Directors' responsibilities

The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In electing to prepare the financial statements 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 financial year. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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,
- 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. 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
9 December 2013

Holborn Funding Limited
Profit and loss account
for the 52 weeks to 16 March 2013

	Note	2013 £'000	2012 £'000
Interest income	5	22,581	22,138
Profit on ordinary activities before taxation		22,581	22,138
Tax expense on profit on ordinary activities	6	(1,052)	(4,296)
Profit for the financial year		21,529	17,842

All the activities of the Company are continuing

Statement of total recognised gains and losses
for the 52 weeks to 16 March 2013

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

Holborn Funding Limited
Balance sheet
at 16 March 2013 and 17 March 2012

	Note	2013 £'000	2012 £'000
Current assets			
Debtors	7	1,149,164	1,126,583
Cash		1	1
		1,149,165	1,126,584
Current liabilities			
Trade and other payables	8	(3,193)	(3,193)
Taxes payable		(5,212)	(4,160)
		(8,405)	(7,353)
Net current assets		1,140,760	1,119,231
Net assets		1,140,760	1,119,231
Shareholders' funds			
Called up share capital	9	16	16
Share premium account	10	876,393	876,393
Profit and loss account	10	264,351	242,822
Total shareholders' funds	10	1,140,760	1,119,231

The non-statutory financial statements on pages 4 to 9 were approved by the Board of Directors on 9 December 2013 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 16 March 2013

1. General information

Holborn Funding Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the Cayman Islands. The registered address of the Company is Walkers SPV Limited, Walker House, Mary St, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.

The Company's financial year represents the 52 weeks to 16 March 2013 (prior financial year 52 weeks to 17 March 2012).

2. Accounting policies

a) Basis of preparation

The financial statements are not prepared under the Companies Act 2006 and therefore the financial statements do not require a statutory audit. The financial statements have been prepared under 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 basis and historical cost basis, solely for management purposes.

The Directors have prepared these non-statutory financial statements to support the tax return made to HM Revenue & Customs. The financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP).

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 have 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) 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, will continue to support the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

d) Interest income

Interest income is recognised as it becomes receivable.

e) Financial instruments

Loans receivable

Loans receivable are reviewed for impairment at each balance sheet date or when events indicate that the carrying value is not recoverable.

Loans payable

Loans payable are held with other group companies and are non-interest bearing and are repayable on demand.

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.

f) Taxation

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

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

g) 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.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

3. Auditors' remuneration

The financial statements are not prepared under the Companies Act 2006 and therefore the financial statements do not require a statutory audit and no auditor remuneration has been incurred

4. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2012 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.

5 Interest income

	2013	2012
	£'000	£'000
Interest income	22,581	22,138

6. Tax expense on profit on ordinary activities

	2013	2012
	£'000	£'000
Current financial year	5,212	4,160
Under provision in prior financial years	(4,160)	136
Current financial year tax charge	1,052	4,296

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows

	2013	2012
	£'000	£'000
Profit on ordinary activities before tax	22,581	22,138
Profit on ordinary activities multiplied by the standard rate in the UK 24.08% (2012 26.07%)	5,438	5,771
Effects of		
Transfer pricing adjustment	(20)	(22)
Group relief claimed for nil consideration	(206)	(1,589)
Under provision in prior financial years	(4,160)	136
Current tax charge for the financial year	1,052	4,296

On 21 March 2012, the Chancellor announced that the main rate of UK corporation tax would reduce to 23.0 per cent for the financial year commencing 1 April 2013. This was substantively enacted on 3 July 2012.

A number of changes to the UK corporation tax system were announced in the 5 December 2012 and the 20 March 2013 UK Budget Statements. The main rate of corporation tax is expected to reduce to 21.0 per cent from 1 April 2014 and to 20.0 per cent from 1 April 2015. Neither 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.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 16 March 2013

7. Debtors

	2013 £'000	2012 £'000
Amounts due from Group undertaking	1,149,164	1,126,583

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

8. Trade and other payables

	2013 £'000	2012 £'000
Amounts due to Group undertakings	3,193	3,193

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

9 Called up share capital

	2013 £'000	2012 £'000
Allotted and fully paid		
1,608,672 ordinary shares of £0.01 each (2012: 1,608,672)	16	16

10 Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 18 March 2012	16	876,393	242,822	1,119,231
Profit for the financial year	-	-	21,529	21,529
At 16 March 2013	16	876,393	264,351	1,140,760
At 20 March 2011	16	876,393	224,980	1,101,389
Profit for the financial year	-	-	17,842	17,842
At 17 March 2012	16	876,393	242,822	1,119,231

11. 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

12. 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 are 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 financial year are assumed to be approximately their book values.

13. Related party transactions

The Company have 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.