

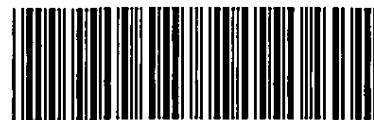
CAYMAN ISLANDS COMPANY NUMBER: WK-134589
FOREIGN COMPANY NUMBER: FC 025390

HOLBORN FUNDING LIMITED

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

FOR THE 52 WEEKS TO 21 MARCH 2009

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Holborn Funding Limited

Directors' Report

For the 52 weeks to 21 March 2009

The Directors present their report and the audited non-statutory financial statements of Holborn Funding Limited ('the Company') for the 52 weeks to 21 March 2009.

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.

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 group ('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 page 22 of the J Sainsbury plc Annual Report and Financial Statements 2009 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.

Results and dividends

The Company's profit for the financial period amounted to £65,298,000 (2008: £38,665,000).

The Directors do not recommend the payment of a dividend (2008: £nil).

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 year and up to the date of signing are shown below:

R J Learmont
Sainsburys Corporate Director Limited

Directors' and Officers' insurance

The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2008/09, which was renewed for 2009/10. The insurance does not 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

Independent auditors

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

By order of the Board:



Hazel Jarvis

Company Secretary

Date: 23 September 2009

Holborn Funding Limited
Directors' Report (continued)
For the 52 weeks to 21 March 2009

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the non-statutory Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 those 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 presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board:



Hazel Jarvis

Company Secretary

Date: 23 September 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLBORN FUNDING LTD LIMITED

We have audited the financial statements of Holborn Funding Ltd for the 52 weeks to 21 March 2009 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 Directors for management purposes in accordance with our engagement letter dated 18 August 2009 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.

We report to you our opinion as to whether the financial statements give a true and fair view.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 21 March 2009 and of its profit for the 52 weeks then ended.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

London

Date

25 September 2009

Holborn Funding Limited
Profit and loss account
For the 52 weeks to 21 March 2009

	Note	2009 £'000	2008 £'000
Interest receivable and similar income	4	39,133	55,235
Profit on ordinary activities before taxation		39,133	55,235
Tax credit/(expense) on profit on ordinary activities	5	26,164	(16,570)
Profit for the financial period		65,298	38,665

All the activities of the Company are continuing.

Statement of total recognised gains and losses
For the 52 weeks to 21 March 2009

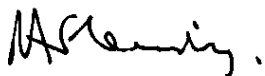
	2009 £'000	2008 £'000
Profit for the financial period	65,298	38,665
Total recognised gains and losses for the financial period	65,298	38,665
Attributable to:		
Equity holders of the Company	65,298	38,665

Holborn Funding Limited**Balance sheet**

As at 21 March 2009 and 22 March 2008

	Note	2009 £'000	2008 £'000
Current assets			
Debtors	6	1,093,529	1,044,802
Cash		1	-
Creditors – Amounts falling due within one year			
Taxation creditor	5	-	(16,570)
Net assets		1,093,530	1,028,232
Capital and reserves			
Called up share capital	7	16	16
Share premium account	8	876,393	876,393
Profit and loss reserve	8	217,121	151,823
Total shareholders' funds	8	1,093,530	1,028,232

The non-statutory financial statements on pages 4 to 8 were approved by the Board of Directors on 23 September 2009 and are signed on its behalf by:



On behalf of Sainsburys Corporate Director Limited
Director

Holborn Funding Limited
Notes to the financial statements
For the 52 weeks to 21 March 2009

1. Accounting policies

a) Basis of preparation

The financial statements are not prepared under section 226 of the Companies Act 1985. The financial statements are presented in sterling, rounded to the nearest thousand (£000) unless otherwise stated and 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. The financial statements have been drawn up under United Kingdom Generally Accepted Accounting Practice (UKGAAP).

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. 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) 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.

Loans payable

Interest is accrued as it becomes payable.

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 accounts 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 year, and any adjustment to tax payable in respect of previous years. Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Holborn Funding Limited
Notes to the financial statements (continued)
For the 52 weeks to 21 March 2009

2. Auditors' remuneration

Auditors' remuneration, have been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2008 and 2009.

3. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2008: nil).

All of the Directors are also employees of other Group company Sainsbury's Supermarkets Ltd. 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.

4. Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable from Group undertakings	39,133	55,235

5. Tax (credit)/expense on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax	(26,164)	16,570

The tax charge for the prior period is different from the profit on ordinary activities before tax multiplied by the standard rate of tax. The difference is explained as follows:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	39,133	55,235
Profit on ordinary activities multiplied by the standard rate in the UK 28.05% ¹ (2008: 30%)	10,977	16,570
Group relief claimed	(10,977)	-
Over provision in prior years	(26,164)	-
Current tax (credit)/charge for the period	(26,164)	16,570

¹ The income tax rate of 28.05 per cent is slightly higher than the 28 per cent statutory tax rate due to the historic rate of 30 per cent applying between 23 March 2008 and 31 March 2008 inclusive.

6. Debtors

	2009 £'000	2008 £'000
Amounts due from Group undertaking	1,093,529	1,044,802

The loan to the ultimate parent company matures on 11 April 2010 and yields a variable rate of interest.

The interest income is calculated on the Bank of England base rate.

Holborn Funding Limited
Notes to the financial statements (continued)
For the 52 weeks to 21 March 2009

7. Called up share capital

	2009	2008
	£'000	£'000
Authorised		
2,500,000 ordinary shares of £0.01 each	25	25
Allotted and fully paid		
1,608,672 ordinary shares of £0.01 each	16	16

8. Reconciliation of movements in equity

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 23 March 2008	16	876,393	151,823	1,028,232
Profit for the financial period	-	-	65,298	65,298
Closing shareholders' funds	16	876,393	217,121	1,093,530
At 25 March 2007	16	876,393	113,158	989,567
Profit for the financial period	-	-	38,665	38,665
Closing shareholders' funds	16	876,393	151,823	1,028,232

9. 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.