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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 20 MARCH 2010

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Holborn Funding Limited
Directors' report
For the 52 weeks to 20 March 2010
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 20 March 2010

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 22 to 23 of the J Sainsbury plc Annual Report and Financial Statements 2010 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 £5,444,000 (2009 £65,298,000)

The Directors do not recommend the payment of a dividend (2009 £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' 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 2009/10, which was renewed for 2010/11. 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.

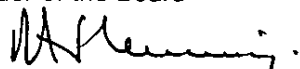
Disclosure of information to auditors

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.

Independent auditors

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

By order of the Board



Sainsburys Corporate Director Limited
Director
Date 3 September 2010

Holborn Funding Limited
For the 52 weeks to 20 March 2010

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

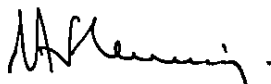
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. 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 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

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

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



Sainsburys Corporate Director Limited

Director

Date 3 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLBORN FUNDING LIMITED

We have audited the financial statements of Holborn Funding Limited for the 52 weeks to 20 March 2010 which comprise the primary financial statements such as 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 12 March 2010 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.

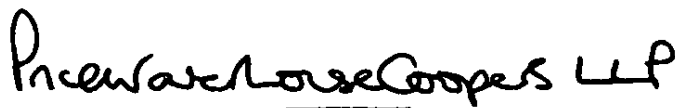
Scope of the audit of the financial statements

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.

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 20 March 2010 and of its profit and cash flows for the 52 weeks then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.



PricewaterhouseCoopers LLP
Chartered Accountants
London
3 September 2010

Holborn Funding Limited
Profit and loss account
For the 52 weeks to 20 March 2010

	Note	2010 £'000	2009 £'000
Interest receivable and similar income	4	5,444	39,134
Profit on ordinary activities before taxation		5,444	39,134
Tax credit on profit on ordinary activities	5	-	26,164
Profit for the financial period		5,444	65,298

All the activities of the Company are continuing

Statement of total recognised gains and losses
For the 52 weeks to 20 March 2010

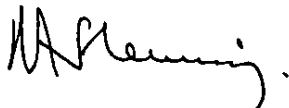
	2010 £'000	2009 £'000
Profit for the financial period	5,444	65,298
Total recognised gains and losses for the financial period	5,444	65,298
Attributable to:		
Equity holders of the Company	5,444	65,298

Holborn Funding Limited**Balance sheet**

As at 20 March 2010 and 21 March 2009

	Note	2010 £'000	2009 £'000
Current assets			
Debtors	6	1,098,973	1,093,529
Cash		1	1
Net assets		1,098,974	1,093,530
Capital and reserves			
Called up share capital	7	16	16
Share premium account	8	876,393	876,393
Profit and loss reserve	8	222,565	217,121
Total shareholders' funds	8	1,098,974	1,093,530

The non-statutory financial statements on pages 4 to 8 were approved by the Board of Directors on 3 September 2010 and are signed on its behalf by



Sainsburys Corporate Director Limited
Director

Holborn Funding Limited
Notes to the financial statements
For the 52 weeks to 20 March 2010

1 Accounting policies

a) Basis of preparation

The financial statements are not prepared under Companies Act 2006. 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 Revenue & Customs. 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 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 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.

Holborn Funding Limited
Notes to the financial statements (continued)
For the 52 weeks to 20 March 2010

2 Auditors' remuneration

Auditors' remuneration, have been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2009 and 2010

3 Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2009 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 income statement does not include emoluments in respect of the Directors.

4 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from Group undertakings	5,444	39,134

5 Tax credit on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax	-	(26,164)

The tax charge for the previous period is different from the profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK (28.00 per cent). The difference is explained as follows:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	5,444	39,134
Profit on ordinary activities multiplied by the standard rate in the UK 28.00% (2009 28.05 ¹ %)	1,524	10,977
Group relief claimed	(1,524)	(10,977)
Over provision in prior years	-	(26,164)
Current tax credit for the period	-	(26,164)

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

	2010 £'000	2009 £'000
Amounts due from Group undertaking	1,098,973	1,093,529

The loan to the ultimate parent company matures on 11 April 2011 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 20 March 2010

7 Called up share capital

	2010 £'000	2009 £'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 22 March 2009	16	876,393	217,121	1,093,530
Profit for the financial period	-	-	5,444	5,444
At 20 March 2010	16	876,393	222,565	1,098,974
At 23 March 2008	16	876,393	151,823	1,028,232
Profit for the financial period	-	-	65,298	65,298
At 21 March 2009	16	876,393	217,121	1,093,530

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