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STORES INVESTMENTS LIMITED

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

FOR THE 52 WEEKS TO 22 MARCH 2008

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**Stores Investments Limited
Directors' report
for the 52 weeks to 22 March 2008**

The Directors present their report and the non-statutory audited financial statements of Stores Investments Limited ('the Company') for the 52 weeks to 22 March 2008.

Principal activities and review of business

The principal activity of the Company during the 52 weeks to 22 March 2008 was the lending of monies and investment holding.

The Company did not trade during the year or the preceding year and made neither a profit nor a loss. There were also no other recognised gains and losses for the current financial year or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

Principal risk and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the 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 17 of the J Sainsbury plc Annual Report and Financial Statements 2008, which do not form part of this report.

Future developments

No change is planned in the activities of the Company in the next 52 weeks.

Results and dividends

The Company's profit for the financial period amounted to \$nil (2007: \$nil). The Directors do not recommend the payment of a dividend (2007: \$nil).

Key Performance Indicators (KPI's)

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 Stores Investments Limited during the period and up to the date of signing the financial statements are shown below:

R J Learmont	
G Willits	(resigned 18 May 2007)
Sainsburys Corporate Director Limited	(appointed 18 May 2007)

Directors' and Officers' insurance

The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2007, which was renewed for 2008/09. 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 and AGM

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. There is no requirement on the Company to hold an Annual General Meeting.

Stores Investments Limited
Directors' report (continued)
for the 52 weeks to 22 March 2008

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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
- 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 and enable them to ensure that the financial statements comply with the Companies Act 1985. 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:



Hazel Jarvis
Company Secretary

Date: 8 December 2008

Stores Investments Limited

Independent Auditors' report to the Directors of Stores Investments Limited

We have audited the non-statutory financial statements of Stores Investments Limited for the 52 weeks to 22 March 2008 which comprise the Balance sheet, the Statement of changes of equity and the related notes. These non-statutory financial statements have been prepared under the accounting policies set out therein.

These non-statutory financial statements were prepared solely for the purposes of management of the Company's affairs, have not been prepared under section 226 of the Companies Act 1985 and are not the Company's statutory financial statements.

Respective responsibilities of the directors and auditors

The Directors' responsibilities for preparing the non-statutory 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 non-statutory 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 1 December 2008 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 non-statutory 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 non-statutory 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 non-statutory 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 non-statutory financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the non-statutory 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 non-statutory 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 non-statutory financial statements.

Opinion

In our opinion the non-statutory 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 22 March 2008 and of its results for the year then ended.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

Date: 10 December 2008

Stores Investments Limited
Balance sheet
as at 22 March 2008

	Note	2008 \$'000	2007 \$'000
Fixed assets			
Investments	4	1,558,674	1,558,674
Net assets		1,558,674	1,558,674
Capital and reserves			
Called up share capital	5	17	17
Share premium	6	1,558,005	1,558,005
Profit and loss account	6	652	652
Total shareholders' funds	7	1,558,674	1,558,674

Statement of changes in equity
for the 52 weeks to 22 March 2008

	Share premium £	Called up share capital £	Retained earnings £	Total equity £
Balance at 25 March 2007	1,558,005	17	652	1,558,674
Profit for the financial period	-	-	-	-
Balance at 22 March 2008	1,558,005	17	652	1,558,674

	Share premium £	Called up share capital £	Retained earnings £	Total equity £
Balance at 26 March 2006	1,558,005	17	652	1,558,674
Profit for the financial period	-	-	-	-
Balance at 24 March 2007	1,558,005	17	652	1,558,674

The non-statutory financial statements on pages 4 to 7 were approved by the Board of Directors on 8 December 2008 and are signed on its behalf by:



On behalf of Sainsburys Corporate Director Limited
Director

Stores Investments Limited
Notes to the financial statements
for the 52 weeks to 22 March 2008

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 Revenue and Customs. The financial statements have been drawn up under UK GAAP.

b) Cash flow and related party disclosures

The Company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

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 Company have 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) Profit and loss

The Company did not trade during the year or the preceding year and made neither a profit or a loss. There were also no other recognised gains and losses for the current financial year or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

d) 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.

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.

e) Exemption from preparing group accounts

The Company is a wholly-owned subsidiary of Stamford Finance LLC and is included in the consolidated financial statements of J Sainsbury plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

f) Investments in subsidiaries undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

2. Auditors' remuneration

Auditors' remuneration, have been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2007 and 2008.

Stores Investments Limited
Notes to the financial statements
for the 52 weeks to 22 March 2008 (continued)

3. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2007: nil).

All of the Directors are employees of the ultimate parent company, J Sainsbury plc or other Group companies. 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. Investments

	2008 \$'000	2007 \$'000
Investment in Holborn Funding Limited	1,558,674	1,558,674

The Company owns 100% of the ordinary share capital of Holborn Funding Limited, a company incorporated in the Cayman Islands. There is no indication that impairment exists as the Directors believe that the carrying value of the investments is supported by their underlying net assets.

5. Called up share capital

	2008 \$'000	2007 \$'000
Authorised 5,000,000 ordinary shares of \$0.01 each	50	50
Allotted, called-up and fully paid 1,658,020 ordinary shares of \$0.01 each	17	17

6. Reserves

	Share premium account \$'000	Profit and loss account \$'000
At 25 March 2007	1,558,005	652
Profit for the financial period	-	-
At 22 March 2008	1,558,005	652

Stores Investments Limited
Notes to the financial statements
for the 52 weeks to 22 March 2008 (continued)

7. Reconciliation of movements in shareholders' funds

	\$'000
Shareholders' funds at 25 March 2007	
and at 22 March 2008	1,558,674

8. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stamford Finance LLC which was incorporated under the laws of the state of Delaware.

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.