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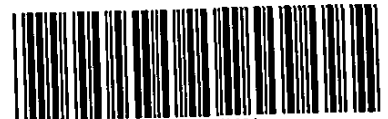

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STORES OVERSEAS LIMITED

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

FOR THE 52 WEEKS TO 16 MARCH 2013

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Stores Overseas Limited
Directors' report
For the 52 weeks to 16 March 2013

The Directors present their report and the audited financial statements of Stores Overseas Limited (the 'Company') for the 52 weeks to 16 March 2013 (prior financial year 52 weeks to 17 March 2012)

Principal activity and business review

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 decreased to £17,877,000 for the financial year (2012 £24,486,000)

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

The Company's 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 does 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')

The key performance indicators of the Company are substantially those of the Group. The development, performance and position of J Sainsbury plc, which includes the Company, is discussed on pages 8 to 9 of the J Sainsbury plc Annual Report and Financial Statements 2013, which does not form part of this report.

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 and their interests

The Directors of Stores Overseas Limited who held office during the financial year and up to the signing of this report are shown below:


T Fallowfield
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 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.

Stores Overseas Limited
Directors' report (continued)
For the 52 weeks to 16 March 2013

By order of the Board



Philip Davies
Company Secretary
22 July 2013

Stores Overseas Limited
Statement of Directors' responsibilities
For the 52 weeks to 16 March 2013

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

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 period 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
22 July 2013

Stores Overseas Limited
Profit and loss account
For the 52 weeks to 16 March 2013

	Note	2013 £'000	2012 £'000
Interest receivable and similar income	4	23,424	22,964
Profit on ordinary activities before taxation		23,424	22,964
Tax (expense)/credit on ordinary activities	5	(5,547)	1,522
Profit for the financial year		17,877	24,486

All of the activities of the Company are continuing

Stores Overseas Limited
Balance sheet
At 16 March 2013 and 17 March 2012

	Note	2013 £'000	2012 £'000
Current assets			
Debtors	6	1,192,042	1,168,618
Current liabilities			
Creditors – Amounts falling due within one year	7	(21,137)	(15,590)
Net assets		1,170,905	1,153,028
Capital and reserves			
Called up share capital	8	1,088	1,088
Share premium account	9	915,912	915,912
Profit and loss account	9	253,905	236,028
Total shareholders' funds	9	1,170,905	1,153,028

The financial statements are not prepared under company law and therefore are not subject to an independent audit

The financial statements on pages 4 to 8 were approved by the Board of Directors on 22 July 2013 and are signed on its behalf by



Ed Barker
On behalf of Sainsburys Corporate Director Limited
Director

Stores Overseas Limited
Notes to the Financial Statements
For the 52 weeks to 16 March 2013

1. General information

Stores Overseas 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) Finance income

Interest income is recognised as it becomes receivable.

d) Financial instruments

Loans 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

Loans payable to other Group companies are carried at cost and are non-interest bearing.

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.

e) Taxation

Corporation tax on the profit for the financial year comprises current 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.

f) 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.

3. Employees and Directors' remuneration

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

Stores Overseas Limited
Notes to the Financial Statements (continued)
For the 52 weeks to 16 March 2013

3. Employees and Directors' remuneration (continued)

All of the Directors are employees of 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 profit and loss account does not include emoluments in respect of the Directors.

4. Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from parent company	23,424	22,964
Total interest receivable from parent company	23,424	22,964

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

	2013 £'000	2012 £'000
Current financial year	5,547	-
Over provision in prior financial years	-	(1,522)
Tax expense / (credit) on profit on ordinary activities	5,547	(1,522)

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 £'000	2012 £'000
Profit on ordinary activities before tax	23,424	22,964
Profit on ordinary activities multiplied by the standard rate in the UK of 24.08% (2012: 26.07%)	5,640	5,987
Effects of:		
Over provision in prior financial years	-	(1,522)
Transfer pricing adjustment	(93)	(102)
Group relief claimed for nil consideration	-	(5,885)
Current tax charge/(credit) for the financial year	5,547	(1,522)

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.

6. Debtors

	2013 £'000	2012 £'000
Loans due from parent company	1,192,042	1,168,618
Total loans due from parent company	1,192,042	1,168,618

Amounts due from the parent company are denominated in sterling, carry floating rates of interest, and are payable on demand. The interest income is calculated based on the Bank of England base rate plus 1.5%. Amounts due from parent company are not considered overdue or impaired.

Stores Overseas Limited
Notes to the Financial Statements (continued)
For the 52 weeks to 16 March 2013

7. Creditors – Amounts falling due within one year

	2013	2012
	£'000	£'000
Amounts due to Group undertakings	15,590	15,590
Corporation tax payable	5,547	-
	21,137	15,590

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

8. Called up Share Capital

	2013	2012
	£'000	£'000
Allotted and fully paid		
1,000,000 (2012 1,000,000) class A ordinary shares of £1 each	1,000	1,000
8,780,000 (2012 1,000,000) class B ordinary shares of £0.01 each	88	88
	1,088	1,088

Class A shares are ordinary shares with voting rights and class B shares are ordinary shares with no voting rights. All classes of shares receive the distribution of dividends equally.

9. Reconciliation of movements in shareholders' funds

	Share capital	Share premium	Profit and loss account	Total shareholder funds
	£'000	£'000	£'000	£'000
At 18 March 2012	1,088	915,912	236,028	1,153,028
Profit for the financial year	-	-	17,877	17,877
At 16 March 2013	1,088	915,912	253,905	1,170,905
At 20 March 2011	1,088	915,912	211,542	1,128,542
Profit for the financial year	-	-	24,486	24,486
At 17 March 2012	1,088	915,912	236,028	1,153,028

10. Ultimate parent undertaking and controlling party

The 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. The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by J Sainsbury plc and copies of the parent undertaking's financial statements may be obtained from www.j-sainsbury.co.uk