Registered Company number: 11733455

Sainsbury's Tyne Property Holdings Limited

Annual Report and Financial Statements

For the 52 weeks to 2 March 2024

Sainsbury's Tyne Property Holdings Limited
Strategic report
for the 52 weeks to 2 March 2024

Principal activities and review of business
The principal activities of Sainsbury's Tyne Property Holdings Limited (the 'Company') are the ownership and rental of supermarket outlets.

The Company's profit for the financial year was £20 million (2023: loss of £157 million). The financial position as at 2 March 2024 is shown in the balance sheet set out on page 9.

All material operations are carried out in the United Kingdom.

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 not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 53 to 61 of the 2024 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website: www.about.sainsburys.co.uk.

Key performance indicators (KPIs)
The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 2 to 52 of the Group's Annual Report, which does not form part of this report.

Financial risk management
The financial risk management and policies of the Group, which include those of the Company, are disclosed in note 28 on pages 167 to 174 of the Group's Annual Report.

Section 172 statement and stakeholder engagement
The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 2 March 2024. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company is a wholly-owned subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of J Sainsbury plc and its subsidiaries (the 'Group'). During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group. The Directors primarily used scheduled Group Property committee meetings and Group Operating Board meeting to consider and engage with the Group. These interactions informed key decisions that the Directors made during the year, such as approving the Company's financial statements.

Further details on how the Group engaged with its stakeholders, can be found in the 2024 Annual Report for J Sainsbury plc on pages 22-29.

As per Section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is published annually on our Group website. The statement covers the activities of the Group and details the steps taken during the year ended 2 March 2024 to prevent modern slavery and human trafficking in our own operations and supply chains.

By order of the Board:

Natalie Shinton (Jul 31, 2024 17:37 GMT+1)

Natalie Shinton
Director
31 July 2024

Sainsbury's Tyne Property Holdings Limited
Directors' report
for the 52 weeks to 2 March 2024

The Directors present their report and the audited financial statements of Sainsbury's Tyne Property Holdings Limited (the 'Company') for the 52 weeks to 2 March 2024. Comparatives have been presented for the 52 weeks ended 4 March 2023.

Dividends
No dividends were paid in the current year or have been paid or proposed by the Directors since the balance sheet date (2022/23: £nil).

Going concern
The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the partnership is able to repay its liabilities as they fall due for a period of twelve months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the twelve months from the date on which these financial statements are signed.

Directors
The directors that held office during the year and up to the date of approval of the financial statements were as follows:

B Richardson
N Shinton

There were no other appointments or resignations after the year end.

Company Secretary
The company secretary of the Company who held office during the financial year and up to the date of signing the financial statements is shown below:

Sainsbury's Corporate Secretary Limited

Directors' indemnities
The Directors are indemnified to the extent permitted by the Articles of Association of the Company 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 2023/24, which was renewed for 2024/25. 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
Ernst & Young LLP were appointed as auditors during the period and have indicated their willingness to continue in office.

By order of the Board:

Natalie Shinton (Jul 31, 2024 17:37 GMT+1)

Natalie Shinton
Director
31 July 2024

Sainsbury's Tyne Property Holdings Limited
Statement of Directors' responsibilities
for the period to 52 weeks to 2 March 2024

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, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 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 2006. 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with law and those regulations.

By order of the Board:

Bruce Richardson

Bruce Richardson (Jul 31, 2024 15:59 GMT+1)

Bruce Richardson
Director
31 July 2024

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SAINSBURY’S TYNE PROPERTY HOLDINGS LIMITED

Opinion

We have audited the financial statements of Sainsbury’s Tyne Property Holdings Limited for the 52-week period ended 02 March 2024 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12, including a summary of material accounting policy information The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 02 March 2024 and of its profit for 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 101 Reduced Disclosure Framework”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period twelve months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company’s ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, as set on pages 1 to 3, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced disclosure framework", the Companies Act 2006 and relevant UK tax compliance regulations.
- We understood how Sainsbury's Tyne Property Holdings Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, internal audit reports and through consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of those responsible for legal and compliance procedures, internal audit and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and financial statements with all applicable reporting requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
8996C57A753B45A...

Tom Sanders (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

02 August 2024

Sainsbury's Tyne Property Holdings Limited
Statement of profit or loss and other comprehensive income
for the 52 weeks to 2 March 2024

	Note	2024 £m	2023 £m
Revenue		**91**	88
Cost of sales		**(8)**	(190)
Gross profit/(loss)		**83**	(102)
Operating profit/(loss)	3	**83**	(102)
Finance costs	5	**(48)**	(48)
Profit/(loss) before tax		**35**	(150)
Income tax expense	6	**(15)**	(7)
Profit/(loss) for the financial year		**20**	(157)

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

The notes on pages 11 to 17 are an integral part of these financial statements.

Sainsbury's Tyne Property Holdings Limited
Balance sheet
at 2 March 2024

	Note	2024 £m	2023 £m
Non-current assets			
Investment property	7	**1,666**	1,578
		1,666	1,578
Current assets			
Other receivables	8	**280**	354
		280	354
Total assets		**1,946**	1,932
Current liabilities			
Other payables	9	**(60)**	(60)
Taxes payable		**(22)**	(15)
		(82)	(75)
Net current assets		**198**	279
Non-current liabilities			
Other payables	9	**(1,290)**	(1,303)
Lease Liabilities	10	**(2)**	(2)
		(1,292)	(1,305)
Net assets		**572**	552
Equity			
Called up share capital	11	**-**	-
Retained earnings		**572**	552
Total equity		**572**	552

The notes on pages 11 to 17 are an integral part of these financial statements.

The financial statements on pages 8 to 17 were approved by the Board of Directors and are signed on its behalf by:

Bruce Richardson
Bruce Richardson (Jul 31, 2024 15:59 GMT+1)

Bruce Richardson
Director
31 July 2024

Sainsbury's Tyne Property Holdings Limited
Statement of changes in equity
for the 52 weeks to 2 March 2024

	Note	Called up share capital £m	Retained earnings £m	Total equity £m
At 5 March 2023		**-**	**552**	**552**
Profit for the year		**-**	**20**	**20**
At 2 March 2024	11	**-**	**572**	**572**

	Note	Called up share capital £m	Retained earnings £m	Total equity £m
At 6 March 2022		-	709	709
Loss for the year		-	(157)	(157)
At 4 March 2023	11	-	552	552

The notes on pages 11 to 17 are an integral part of these financial statements.

1 General information

Sainsbury's Tyne Property Holdings Limited (the 'Company') is a private limited company incorporated and domiciled in England and Wales. The Company's registered address is 33 Holborn, London EC1N 2HT. The Company is part of J Sainsbury plc (the 'Group').

The Company's financial year represents the 52 weeks to 2 March 2024 (2023: 52 weeks to 4 March 2023).

2 Accounting policies

(a) Statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to capital management, presentation of a cash flow statement, standards not yet effective and related party transactions.

(b) Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million ('£m') unless otherwise stated. They have been prepared on a going concern basis under the historical cost convention.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2c.

Amendments to published standards

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the year, were either not relevant or had no material impact on the Company's results or net assets.

The accounting policies have remained unchanged from those disclosed in the Financial Statements for the year ended 4 March 2023.

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the partnership is able to repay its liabilities as they fall due for a period of twelve months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the twelve months from the date on which these financial statements are signed.

Revenue

Revenue consists of rental income arising from leases on investment properties, net of lease incentives and excluding VAT. Revenue is accounted for on a straight-line basis over the term of the lease.

Cost of sales

Cost of sales consists of all costs associated with the investment properties, including depreciation.

Finance costs

Finance costs are recognised in the income statement for financial liabilities measured at amortised cost using the effective interest rate method.

Current tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity, in which case the current tax is also dealt with in equity, or other comprehensive income, respectively.

2 Accounting policies (continued)
(b) Basis of preparation (continued)

Property, plant and equipment
Fixtures and equipment
Fixtures and equipment are held at cost less accumulated depreciation and any recognised provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation
Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following basis:
- Fixtures and equipment – 3 to 15 years

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised within operating profit. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property
Investment properties are those properties held for capital appreciation and/or to earn rental income. They are initially measured at cost, which includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use, including related transaction costs. After initial recognition at cost, they are measured using the "cost method" which is cost less accumulated depreciation and any recognised impairment loss. Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised within operating profit.

Depreciation
Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following basis:

- Freehold buildings and leasehold properties – 50 years, or the lease term if shorter
- Freehold land is not depreciated

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and investment property to determine whether there is any indication that the net book value is no longer supportable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to dispose and its Value-in-use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. For property, plant and equipment and investment property, the CGU is deemed to be each investment property.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where there has been a change in the estimates used to determine the recoverable amount and an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. An impairment loss reversal is recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash held in instant access bank accounts.

Financial instruments
Financial assets
The Company classifies all of its financial assets at amortised cost in accordance with IFRS 9.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

2 Accounting policies (continued)
(b) Basis of preparation (continued)

Financial instruments (continued)
Financial assets
In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the Company, these are financial assets that are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company initially measures these financial assets at fair value plus transaction costs. Subsequently these assets are carried at amortised cost less impairment using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the income statement.

Impairment of financial assets
Loan Loss impairments are accounted for using a 3-stage forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contract.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company establishes provisions against trade receivables to reflect the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

Financial liabilities
Interest-bearing bank loans and overdrafts are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Called up 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.

(c) Significant accounting judgements, estimates and assumptions
The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those which are significant to the Company are discussed separately below:

Judgements
In the process of applying the Company's accounting policies, there are no judgements made by management which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions
The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Accounting policies (continued)
(c) Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)
Impairment of assets
Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

Income taxes
The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the year when such determination is made. Detail of the tax charge is set out in note 6.

Determining fair values
The fair value of financial assets and liabilities is based on prices available from the market on which the instruments are traded. Where market values are not available, the fair value of financial assets and liabilities has been calculated by discounting expected future cash flows at prevailing interest rates. The fair values of short-term deposits, trade receivables, overdrafts and payables are assumed to approximate to their book values.

Fair value of Investment properties
The Company carries its investment properties using the "cost method" which is cost less accumulated depreciation and any recognised impairment loss. For disclosure purposes the Company engaged an independent valuation specialist to assess fair value as at 2 March 2024. A valuation methodology based on a discounted cash flow (DCF) model was used. Please refer to note 7 for the key assumptions used to determine the fair value of the properties.

3 Operating profit

	2024 £m	2023 £m
Operating profit is stated after charging the following items:		
Depreciation	**8**	12
Impairment of Investment property	**-**	178

There were £nil (2023: £nil) direct operating expenses arising from investment property that did not generate rental income during the year.

The auditors' remuneration, in the current financial year was £1,828 (2023: £1,828), has been borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company.

4 Employees and Directors' remuneration

The Company had no employees during the year (2023: none). The directors received no remuneration for their services to the Company during the year (2023: £nil).

5 Finance costs

	2024 £m	2023 £m
Amounts payable to Group companies	**48**	48
Finance costs	**48**	48

6 Income tax expense

The income tax expense for the financial year was £15 million (2023: £7 million).

	2024 £m	2023 £m
Current year tax expense:		
Current year UK tax	**13**	7
Under-provision in prior years	**2**	-
	15	7
Total income tax expense in income statement	**15**	7

The effective tax rate of 43 percent (2023: 5 percent) is higher than (2023: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2024 £m	2023 £m
Profit/(Loss) before tax	**35**	(150)
Income tax at UK corporation tax rate of 25% (2023: 19%)	**8**	(29)
Effects of		
Disallowed depreciation on UK properties	**2**	2
Impairment of non-financial assets	**-**	34
Under-provision in prior years	**2**	-
Other	**3**	-
Total income tax expense in income statement	**15**	7

7 Investment property

	Land and buildings £m	Fixtures and fittings £m	Total £m
Cost			
At 5 March 2023	**1,816**	**6**	**1,822**
Additions	**96**	**-**	**96**
At 2 March 2024	**1,912**	**6**	**1,918**
Accumulated depreciation and impairment			
At 5 March 2023	**(238)**	**(6)**	**(244)**
Depreciation expense for the year	**(8)**	**-**	**(8)**
At 2 March 2024	**(246)**	**(6)**	**(252)**
Net book value at 2 March 2024	**1,666**	**-**	**1,666**

	Land and buildings £m	Fixtures and fittings £m	Total £m
Cost			
At 6 March 2022 and 4 March 2023	1,816	6	1,822
Accumulated depreciation and impairment			
At 6 March 2022	(52)	(3)	(55)
Depreciation expense for the year	(10)	(1)	(11)
Impairment	(176)	(2)	(178)
At 6 March 2022 and 4 March 2023	(238)	(6)	(244)
Net book value at 4 March 2023	1,578	-	1,578

The fair value of the Company's investment properties at 2 March 2024 was £1,678 million (2023: £1,580 million).

The valuation was carried out by CBRE Limited, independent valuers not connected with the Company. The basis of the valuation used in calculating the fair value of the investment property was the Oasis valuation. The valuation is made under the Special Assumption that that any existing leases has been dissolved and that a lease (known as an 'Oasis' lease) has been entered into at the date of valuation to Sainsbury's Supermarkets Limited for a term of 25 years with annual upward only reviews linked to increases in RPI capped and collared at 4% and 0% respectively. The fair value measurement is categorised within Level 2 of the fair value hierarchy.

There are no restrictions, other than those noted above, on the realisability of investment properties or the remittance of income or the remittance of income or proceeds on disposals.

There are no contractual obligations to purchase, construct or develop Investment properties for repairs, maintenance or enhancements.

During the year, the Company acquired £96 million of new properties from Sainsbury's Supermarkets Limited, an entity under common control within the Sainsbury's Group.

8 Other receivables

	2024 £m	2023 £m
Current		
Amounts due from Group companies	**280**	354
	280	354

Current amounts due from Group companies are denominated in sterling and are non-interest bearing and payable on demand.

Amounts due from Group companies are not considered overdue or impaired.

9 Other payables

	2024 £m	2023 £m
Non-current		
Amounts due to Group companies	**1,290**	1,303
	1,290	1,303
Current		
Amounts due to Group companies	**60**	60
	60	60

Amounts due to Group companies consist of four interest bearing payables for which repayments are due on the 31 March and 30 September each year. The interest rate on the payables ranges from 3.05% - 3.75% (2023: 3.05% - 3.75%).

10 Lease liabilities

	2024 £m	2023 £m
At 4 March 2023 & 2 March 2024	**2**	2
Current	**-**	-
Non-current	**2**	2

11 Called up share capital

	2024 Number of shares	**2024 £m**	2023 Number of shares	2023 £m
Called up share capital				
Authorised, allotted and fully paid - ordinary shares at £0.01 each	**100**	**-**	100	-
Authorised, allotted and fully paid - redeemable shares at £0.01 each	**1**	**-**	1	-

12 Parent and Ultimate Controlling Entity

The Company's immediate parent undertaking is Sainsbury's Group Holdings Limited.

The Company's ultimate parent and controlling party is J Sainsbury plc, a company incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group of undertakings for which group financial statements have been prepared as that of J Sainsbury plc. Copies of these financial statements are available from its registered office at J Sainsbury plc, 33, Holborn, London, EC1N 2HT.