

# SAINSBURY'S



1990

ANNUAL REPORT & ACCOUNTS

# C O N T E N T S

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## Registered Office and Advisers

### Registered Office

J Sainsbury plc  
Stamford House  
Stamford Street  
London SE1 9LL

### Auditors

Clark Whitehill  
25 New Street Square  
London EC4A 3LN

### Solicitors

Denton Hall Burgin & Warrens  
Five Chancery Lane  
Clifford's Inn  
London EC4A 1BU

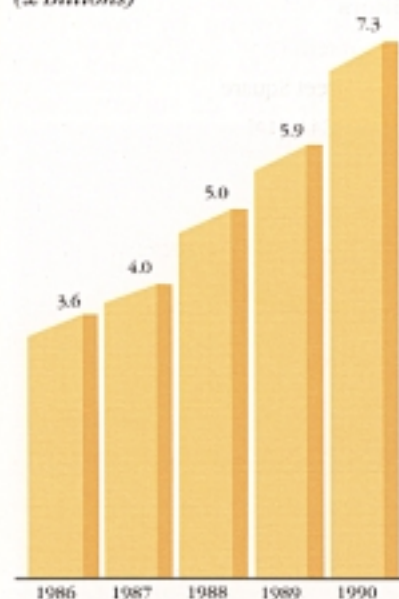
### Registrars

National Westminster Bank PLC  
Registrar's Department  
P.O. Box No. 82  
Caxton House  
Redcliffe Way  
Bristol BS99 7NH

# RESULTS AT A GLANCE

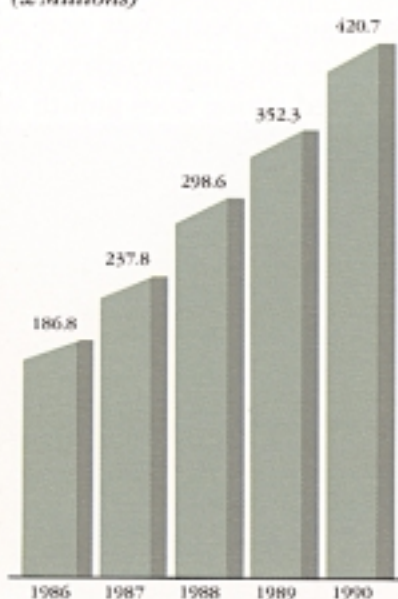
|                                                                        | 1990                              | 1989                      |                       |
|------------------------------------------------------------------------|-----------------------------------|---------------------------|-----------------------|
| <b>£ million</b>                                                       | <b>52 weeks to<br/>17th March</b> | 52 weeks to<br>18th March | <b>%<br/>Increase</b> |
| <b>Group Sales</b>                                                     | <b>7,257.0</b>                    | <b>5,915.1</b>            | <b>22.7</b>           |
| UK Sales                                                               | 6,211.2                           | 5,083.9                   | 22.2                  |
| UK Operating Profit                                                    | 437.2                             | 350.4                     | 24.8                  |
|                                                                        | 7.04%                             | 6.89%                     |                       |
| US Sales                                                               | 1,045.8                           | 831.2                     | 25.8                  |
| US Operating Profit                                                    | 33.5                              | 22.5                      | 49.1                  |
|                                                                        | 3.20%                             | 2.70%                     |                       |
| Interest Payable                                                       | (17.8)                            | (9.5)                     | 89.4                  |
| Associates                                                             | 1.6                               | 15.6                      |                       |
| UK Profit Sharing                                                      | (33.8)                            | (26.7)                    | 26.8                  |
| <b>Group Trading Profit</b>                                            | <b>420.7</b>                      | <b>352.3</b>              | <b>19.4</b>           |
| Other Operating Income                                                 | 30.7                              | 22.8                      | 34.9                  |
| <b>Profit before Tax</b>                                               | <b>451.4</b>                      | <b>375.1</b>              | <b>20.3</b>           |
| <b>Fully Diluted Earnings per share</b><br>(excluding Property Profit) | <b>18.36p</b>                     | <b>15.10p</b>             | <b>21.6</b>           |
| <b>Dividend per Share – net for year</b>                               | <b>6.10p</b>                      | <b>5.05p</b>              | <b>20.8</b>           |

**Group Sales**  
(£ Billions)



Group sales have increased by over 100% since 1986.

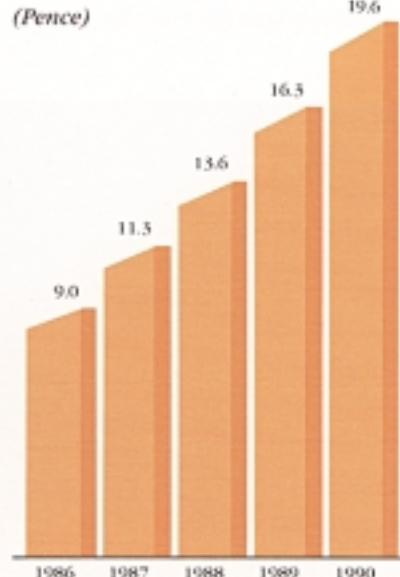
**Group Trading Profit**  
(£ Millions)



Group trading profit has increased by over 125% since 1986.

**Earnings per share**

(35% tax, including Property Profit)  
(Pence)



Annual increases in earnings per share have averaged more than 20% since 1984.





*Lord Sainsbury talking with two new members of staff, Jackie Fanthom and Neil Jones, at the recent opening of Sainsbury's at Northwich.*

I am delighted to report another year of outstanding results which maintain our position as the leading food retailer and one of the top performing companies in the country.

The successful financial performance reflects the quality of all aspects of our operations and particularly the key areas of product quality and safety, store development, and the application of retail technology in the service of the customer.

Group Trading Profit increased by 19.4% to £420.7 million. Profit before tax rose by 20.3% to £451.4 million.

Fully diluted earnings per share, excluding other operating income, increased by 21.6% to 18.36p. We are proposing an increased dividend of 6.10p per share, an increase of 20.8%. This maintains our 10-year record of an increase in the dividend of around or in excess of 20%.

Savacentre, Homebase and Shaw's all performed extremely well. Alone among major retailers we have a highly successful diversification programme, both in the UK and overseas, the result of a strategy we set in the 1970s.

### **Buoyant UK Food Sales**

Trade was buoyant throughout the year, with total sales in Sainsbury supermarkets and Savacentre growing by over 15%. 'Like-for-like' supermarkets with over 25,000 sq.ft. sales area achieved strong sales growth of over 12%. The 22 supermarkets opened during the year achieved higher than expected sales.

### **Store Development**

Last year Sainsbury companies opened a total of 1.34 million sq.ft. of new sales area. The 22 new Sainsbury supermarkets and the new Savacentre had a combined sales area of 832,000 sq.ft. The average size of the new supermarkets at 32,316 sq.ft. was again a record, whilst the new Savacentre is the largest hypermarket in Britain.

In the United States eight supermarkets were opened to bring the number of Shaw's supermarkets to 66. At Homebase a further seven stores opened, bringing its store total to 55.

Our heavy investment programme, and the long-standing policy of replacing supermarkets as they become out-dated, has produced a uniquely modern supermarket portfolio. Over 41% of Sainsbury's supermarket sales area has been opened in the last five years.



### **Retail Technology**

Last year I reported on the opportunity to improve customer service through EFTPOS (Electronic Funds Transfer at the Point of Sale), the major news at that time being that customers with Switch cards could use them to pay for purchases at over 200 supermarkets with scanning equipment.

Following consistent pressure on the Banks, Sainsbury's can now accept all major debit cards and some 15 million cardholders are able to use this facility at 270 Sainsbury supermarkets. Already 20% of our supermarket sales are paid for in this convenient and cost-effective way.

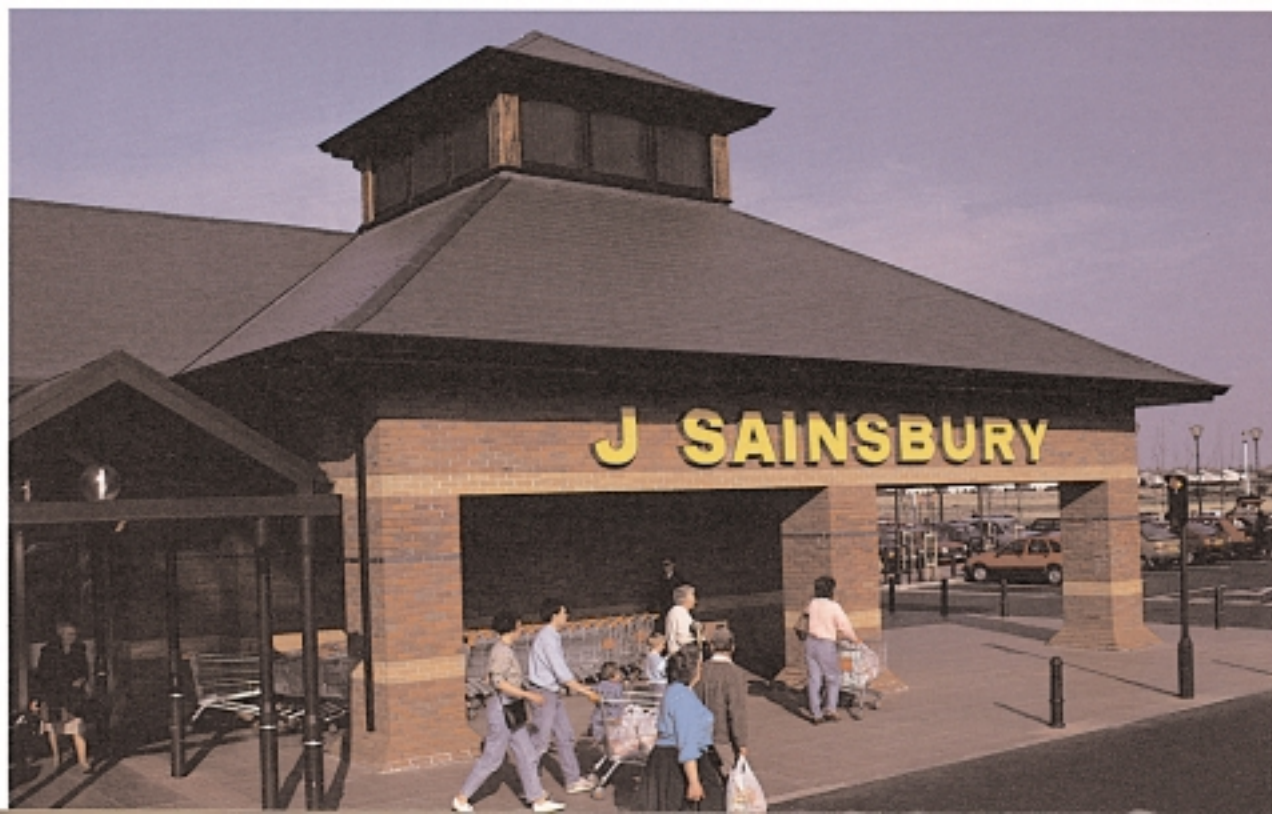
Customers are also increasingly appreciative of our highly successful Multibuy facility, whereby discounts are automatically given for selected multiple purchases. This again has been made possible through scanning at the checkouts where we are now scanning 98% of all items purchased.

### **Food Safety and the Environment**

The Company continues to give the highest priority to all aspects of food safety. In the face of the ongoing debate on food safety issues, Sainsbury's customers have demonstrated great confidence in our products, the controls we exercise and the standards we achieve.

During the year the Company continued its initiatives on environmental matters as can be seen throughout the review section of this Report. In March the Company was awarded the Environment Management Award for 1989. This prestigious award run by the Royal Society of Arts with the support of the CBI was presented by the Prime Minister.

*Whitley Bay, Tyne and Wear,  
is the most northerly Sainsbury's  
supermarket.*



The Company is making a wide contribution to food safety and environmental concerns through its specialists sitting on trade, government, EEC and UN committees. Sainsbury's is also supporting the Food Safety Advisory Centre, which commissions independent scientific research.

### Product Development

The extent and depth of Sainsbury's own label range is unrivalled among UK food retailers and accounts for about two thirds of supermarket sales. We devote much effort and resources to innovative development where our buying and product development team is recognised as being exceptionally strong and experienced. A review of developments is on pages 8 to 11.

### Subsidiaries

Our Subsidiaries have made excellent progress.

At Savacentre operating profit was £17.3 million on sales of £365.8 million. The Merton hypermarket is trading very well and the opening sales at London Colney were a Savacentre record. The Meadowhall Savacentre at Sheffield will open in September.

Homebase performed extremely well despite difficult trading conditions in the DIY sector as a whole. It increased its sales by 11%, and increased operating profit by 26%.

Shaw's enjoyed an excellent year with operating profit increasing by 36% to \$54.6 million. The future of Shaw's is particularly exciting and we are investing heavily in the store development programme, the restructuring of the distribution network and associated systems developments.

In total, Subsidiaries account for 22% of Group Sales and 13% of Group Operating Profit. They provide an outstanding range of opportunities for sustained growth in the years ahead.

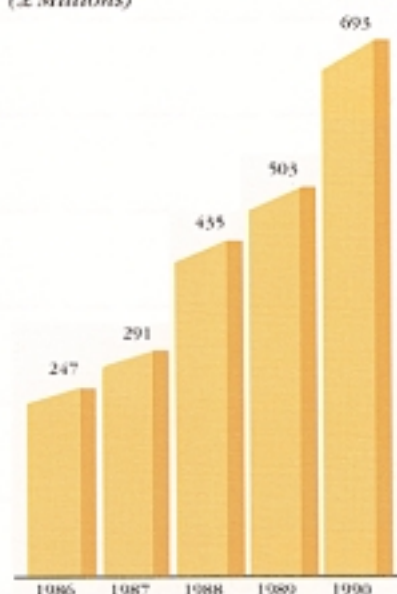
### Funding

In recent years we have invested very heavily in the freehold property of new supermarkets, whereas previously there had been a more even balance between property owned and property rented. In the past year sale and leaseback transactions amounting to £200 million have allowed us to move closer to the traditional balance, thereby stabilising balance sheet gearing at a moderate level. Currently 58% of UK supermarket selling space is freehold or held on long leasehold.

### Thanks to Suppliers

Once again I would like to acknowledge the debt we owe to our suppliers. I thank them for their enthusiastic participation in new

**Capital Expenditure**  
(£ Millions)



*This year Group capital expenditure has increased by nearly 40% over last year.*



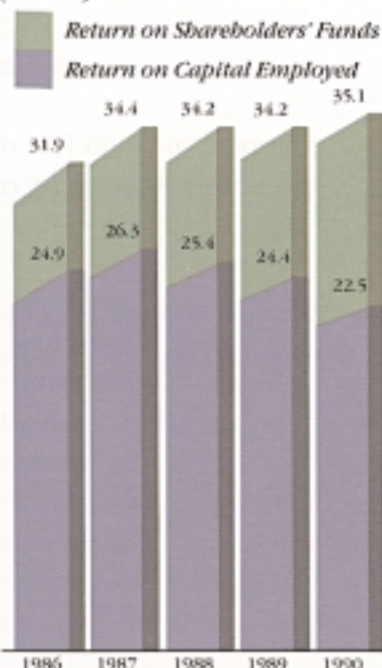
The highly successful Multibuy facility is only possible because of heavy investment in checkout scanning



product development, for their willingness to adapt products and packaging, particularly to meet the new environmental standards we set, and for their co-operation in the daily task of delivery to our distribution network.

### Return on Shareholders' Funds and Capital Employed

(Percent)



Return on shareholders' funds has increased and is now over 35%.

### Sainsbury Staff

During the year we have built on the new store management structures and improved our staff remuneration packages. An important job evaluation completely re-appraised the jobs of the 60,000 supermarket staff below management level. This has resulted in a more accurate reflection in pay of the changing nature of jobs in today's large supermarkets. The changes provide improved and fairer rewards for our branch workforce and will aid recruitment and retention in the face of demographic changes and increasing competition for staff.

We have made improvements to the Profit Sharing Scheme, which now embraces all three of the UK retail companies, and have extended participation to staff with shorter service. Since the creation of the Profit Sharing Scheme 11 years ago, over £160 million has been distributed in Sainsbury's shares and cash. No other publicly quoted retailer has distributed profit to staff on such a scale or done more to encourage staff to become shareholders. Nearly 30% of our staff in the UK are shareholders.

The success of the Profit Sharing Scheme reflects the success of the Company and the achievements of our staff throughout the Group. It gives me much pleasure on behalf of all shareholders to express appreciation to our staff for all they have done in the past year to maintain the highest standards of service to our customers.





*More women are reaching the higher levels of management in Sainsbury's Supermarket Manager Geraldine Galway is seen here talking with a customer at Barkingside, Essex.*

### **Mr. J. H. G. Barnes**

As already announced, Mr. J. H. G. Barnes will retire from executive duties at the end of July when Mr. R. T. Vyner will become Joint Managing Director. Joe Barnes has been a Director of the Company for 21 years and Joint Managing Director for two and a half years. He has made an outstanding contribution on the Board over these years. Especially notable has been his role as Head of the Retail Division for the last 13 years over a period of great change and innovation. I thank him for his invaluable service over these many years. I am very pleased to report that Mr. Barnes has accepted an invitation to remain on the Board as a non-executive Director.

### **New Directors**

There were two appointments to the Board announced during the year. Mr. D. B. Adriano, Managing Director of Homebase, joined the Board at the beginning of the current financial year. Mr. Adriano has been with the Company for 25 years and was previously General Manager of Homebase before becoming one of Sainsbury's Area Directors.

Mr. R. P. Whitbread will join the Board as Marketing Director in July. He joined the Company in 1969 as a trainee in the Retail Division. Prior to his present appointment as an Area Director he was one of the Trading Departmental Directors.

### **Challenge of the Future**

The 1990s will be years of considerable challenge. There will be the challenge of meeting customer demands for more varied ranges of products and services with an ever greater concern for the environment.

There will be the challenge of keeping ahead of our competitors when many of the innovations we have pioneered are rapidly becoming industry standards.

I have every confidence that the Company, with a stronger management team at all levels than ever before, will meet these challenges with great success.

**Sainsbury**, Chairman

## COMPANY OBJECTIVES

- To discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards, and by contributing to the public good and to the quality of life in the community.
- To provide unrivalled value to our customers in the quality of the goods we sell, in the competitiveness of our prices and in the range of choice we offer.
- In our stores, to achieve the highest standards of cleanliness and hygiene, efficiency of operation, convenience and customer service, and thereby create as attractive and friendly a shopping environment as possible.
- To offer our staff outstanding opportunities in terms of personal career development and in remuneration relative to other companies in the same market, practising always a concern for the welfare of every individual.
- To generate sufficient profit to finance continual improvement and growth of the business whilst providing our shareholders with an excellent return on their investment.

*A number of awards which Sainsbury's received during the year in respect of various aspects of business performance are illustrated here. Right: the Environmental Management Award, the Green Award from 'The Grocer' magazine; the Beta Award from the Electricity Council; the Business & Industry Commitment to the Environment Premier Award. Far right: the International Magazine Advertising 1st Place Trophy Award from the Food Marketing Institute of America; the European Merchandising Masters Award run by the European grocery trade press; the Supermarket Wine Merchant of the Year Award from Wine Magazine. Not illustrated is the ABSA/Daily Telegraph Award for the Best Sponsorship of British Art Overseas.*







*Above: some 1,000 new Sainsbury label products were introduced during the year. Sainsbury's leading position in wine retailing was recognised by the award of 'Supermarket Wine Merchant of the Year' by Wine Magazine.*

*Below: Tenderlean Lamb has joined Traditional Beef and Tenderlean Pork to complete a premium fresh meat range which combines traditional methods of production with the latest techniques of temperature control and packaging.*

### Product Quality

Sainsbury's concern for product quality is central to its commitment to value for money and customer choice. The expertise of 120 years of trading, close relationships with suppliers and the support of advanced technological resources together give Sainsbury's great advantage in the innovation and development of new own label products.

Sainsbury's now stocks approximately 14,000 product lines, of which 6,500 are Sainsbury own label. Over 1,000 new Sainsbury label products were introduced during the last year. Existing ranges undergo constant review to confirm their value, quality or convenience.

### Fresh Foods

Last year saw some important developments in fresh foods. Sainsbury's premium meat range was enhanced by the introduction of Tenderlean Lamb. Sales of free range poultry have grown and are taking an increasingly important share of poultry sales. There are now fresh fish service counters in 67 stores. Italian, German and Russian recipes have been used to







complement Sainsbury's existing range of French bread and pâtisserie. The very popular chilled ready meals range of more than 90 products uses recipes from many parts of the world, as well as offering traditional British dishes.

#### Organic Products

To meet increasing demand for organic products, particularly fruit and vegetables, Sainsbury's is working closely with suppliers to ensure that fruit and vegetables produced by organic methods still provide the quality and consistency required by customers and modern distribution methods. Organic foods now available include breads, flour, wine, cheese, tea and milk.

#### Cosmetics

Specially formulated for Sainsbury's and presented in stylish bottles, Nature's Compliments is a new and aromatic range of 36 bath, skin and hair care products made with extracts of flowers, herbs, plants and fruits. As with all Sainsbury's cosmetics and toiletries, none of these products, nor the ingredients contained in them, is tested on animals.



*Above left: Sainsbury's sells 28 own label lines of tea and 27 of fresh coffee. The new packaging for fresh coffee carries a description of the blend and a guide to strength.*

*Left: the current range of organically grown fruit and vegetables is available in 161 Sainsbury's and Savacentre stores.*

*Below: Homebase brand follows the Sainsbury's tradition of seeking out better products at reasonable prices. Over 125 new lines were added to the range during the year.*







*Above: Product Development Manager Hilary Freeman and Buyer Tony Sullivan taste Sainsbury's Buttermilk Desserts — a new product range for the UK market.*

*Right: the Greencare range: Sainsbury's was the first supermarket company in the UK to launch its own label range of environmentally-friendly household cleaners and washing detergents.*

*Below: hygiene standards at stores are regularly audited by Sainsbury's team of hygiene officers.*

*Here Tracy Pitkin of the Hygiene Inspection team checks the cabinet temperature in the ready meals section.*



### **Books**

Featured amongst the new titles in Sainsbury's established range of books on wine and food was Sainsbury's Book of Food, written by Frances Bissell, Cookery Editor of The Times. A unique and invaluable guide to ingredients, its success demonstrates how many customers share with Sainsbury's a genuine interest and enjoyment in food and its preparation.

### **Technological Support**

Sainsbury's demands the highest standards for food hygiene and product safety at all parts of the



food chain from recipe and product specification through manufacture, distribution and retail sale. In this, Sainsbury's Scientific Services Division, with its own laboratories, plays a crucial role. Its technologists work closely with buying teams in the formulation of product specifications. They assist in the careful selection of suppliers and co-operate with suppliers to ensure that products fully meet the approved specification. Once the



product is established, Sainsbury's technologists and buyers work with the manufacturers to ensure constant monitoring of quality control.

Much technical effort has gone into developing new products with specific environmental benefits. These include Sainsbury's Green-care range of household cleaners and washing detergents; toilet tissue and kitchen rolls made from recycled paper have been introduced after considerable research. This long term environmental concern has brought Sainsbury's several 'green' awards, including those shown on page 7.

#### The Cold Chain

Approximately one third of Sainsbury's products is sold under controlled temperature conditions. Throughout distribution – in depots, in the vehicles serving the stores and in the stores themselves – products are held in a closely controlled cold chain. Much of this, including the latest refrigerated cabinets in store, is controlled by sophisticated computer technology. The Company's lead in cold chain distribution is the result of a rolling programme of investment – £25 million over three years.

#### Food Hygiene

Training in food hygiene is an integral part of staff training in stores and depots. This is one of the critical areas for managing perishable foods. Hygiene performance is independently assessed by the Company's own team of hygiene officers.



The key task is to provide customers with safe and wholesome food. Through the expertise of its buyers and the technological backup which is available at all levels throughout the Company, Sainsbury's is confident that the products on offer to its customers are better, safer and more wholesome than they have ever been.

*Retail is detail. Top: Technologist Martin Williams measures peppers; above left: Senior Lab Technician Robila Ahmed analyses milk powder for vitamin A using high performance liquid chromatography; above right: Technician Darren Staniland inspects a new quiet refrigeration unit, specially developed to use R22, the most ozone friendly refrigerant.*

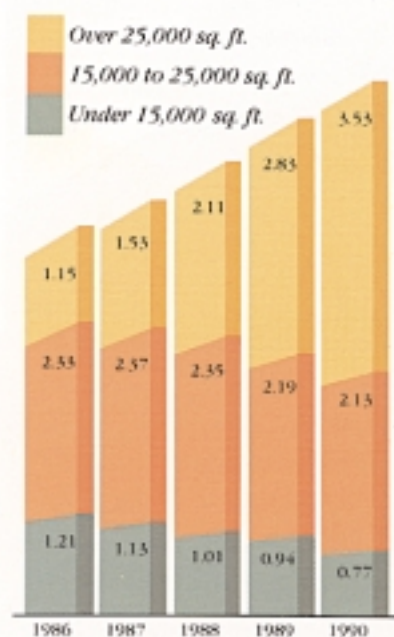




*Differing styles of architecture: cast iron features in Norwich contrast with a more traditional style at Cobham, in Surrey.*

*Details of new store openings can be found on the inside back cover.*

**Analysis of Sainsbury's Sales Area**  
(Million sq. ft.)



*Over 41% of Sainsbury's supermarket sales area has been opened in the last five years.*

**New Openings**

Sainsbury's has the largest property development programme of any UK retailer. Over the last five years Sainsbury Group companies have opened 150 stores with nearly five and a quarter million square feet of sales area. Last year this momentum was maintained with the opening of 38 new stores.

Responsibility for the new store development programmes, not only of Sainsbury supermarkets but also of Savacentre and Homebase, lies with Sainsbury's Development Division.

**Future Expansion**

Within Sainsbury's established trading area there are still many opportunities for further expansion. It is also necessary to find replacements for those older stores which cannot offer customers the choice, comfort, convenience or

level of service demanded of a modern store. Last year an exceptional number of 23 supermarkets were closed; 13 of the new openings were replacement stores. In the current year eight of the new openings are replacements; 11 supermarkets will be closed.

The trading area for Sainsbury's supermarkets continues to expand northwards. During the year three new supermarkets were opened in the north east of England, and a fourth, at Durham, was opened before Easter.

The rate of new store openings is planned to continue at its current level and the opening programme for Sainsbury's supermarkets is already firm for the next two years.

A new Savacentre is being fitted out as part of the Meadowhall complex in Sheffield. Despite the downturn in commercial development activity Homebase is main-







taining its level of expansion with quality sites. In spite of the differences between the two countries, sharing experience with Shaw's on site development is proving mutually beneficial. Shaw's expansion is gathering pace with an increased level of openings.

### Urban Re-development

The Group's sustained programme of internally-generated growth sets heavy demands on the professional staff of the Development Division, but its experience and direct involvement in project management enables it to undertake large and difficult developments. This is especially so in the renewal of decayed industrial areas and there are many instances where the construction of a Sainsbury's supermarket on a derelict or run-down site has been a catalyst for other developments. The majority of Sainsbury's supermarkets built in the last two

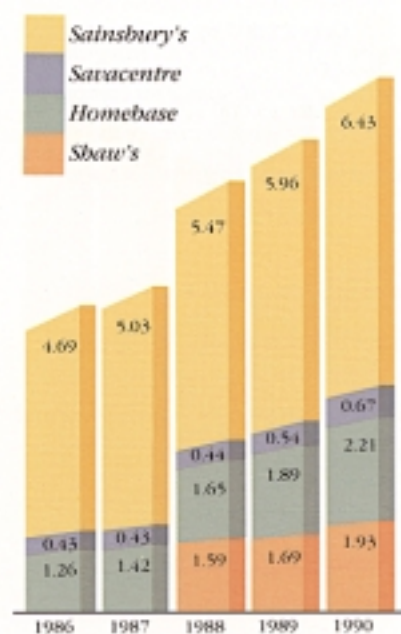
years have been on such sites. In these areas Sainsbury's has been able to offer an imaginative and innovative approach and in doing so has made a real contribution to urban re-development.

### Architecture

Sainsbury's has a continuing commitment to good quality architecture designed to ensure that large modern supermarkets are built in sympathy with local surroundings. Wherever possible local materials are used in construction, and, where appropriate, extensive landscaping is featured. In the last five years Sainsbury's has planted over half a million trees and shrubs. Landscaping goes beyond such planting to include considerable attention to detail in the design of the basic features of the scheme such as roads, car parks and directional signs.

*The extensive use of glass gives style and elegance to Britain's largest hypermarket at London Colney, Herts.*

**Analysis of Group Sales Area**  
(Million sq. ft.)



*A record 1.34 million square feet of new space was added by Sainsbury Group companies during the year.*





*The 50th Homebase store was opened at Norwich in April 1989.*

### Contact with Local Planners

Because of the sensitivities of large projects, the Company seeks to work closely with local authorities and adopt a co-operative approach to the planning process. This involves early contact with the planning authorities, a public exhibition of the proposed development and, in some cases, conducting a local opinion poll. One result of this approach has been the need for fewer planning appeals than is typical for the rest of the industry. Of the 22 supermarkets opened in 1989/90 only four had been subject to planning appeals. The Company is endeavouring to

maintain this record in the face of increasing but sometimes misplaced concern for environmental issues.

### Energy Management

Sainsbury's has adopted an integrated approach to energy efficiency which since 1974 has led to substantial energy savings. In over 100 stores, the lighting, heating, ventilation and air conditioning, refrigeration and environmental controls are co-ordinated by computerised systems. These measures are continually updated with the latest technology. Two recent changes are an enhancement

*Right: refrigeration is an integral aspect of store design. This computer controls the temperature of the supermarket's refrigeration cabinets and monitors energy use.*



*Bottom right: a Sainsbury Project Manager is assigned to each new development. Brian Marsden (left) discusses progress with a contractor at Ellesmere Port, Cheshire.*







of the computer systems which control temperature in the refrigerated display cabinets and cold stores, and the introduction of high frequency lighting.

Additional environmental features incorporated in the store from the design stage include special measures to reduce external noise from the plant room, and new refrigeration technology which allows the use of a refrigerant gas with a very low ozone depletion potential as an alternative to those refrigerants controlled by the Montreal Protocol on CFCs. This latter system also has automatic detectors to identify any possible escape of refrigerant into the atmosphere.

#### Awards

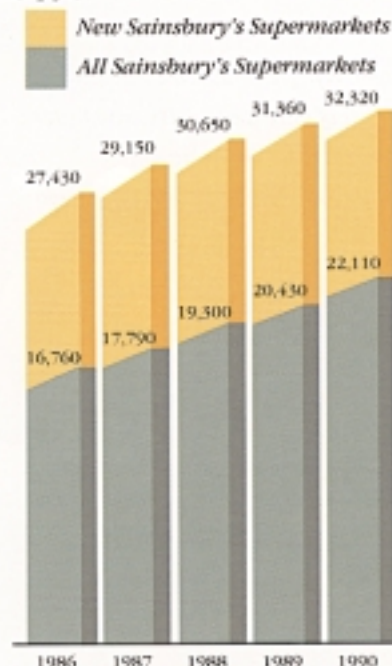
Sainsbury's efforts in respect of design and energy management have been recognised by a number of awards and commendations from The Civic Trust, from local

authorities, the electricity and gas industries and from various environmental organisations.

During the year, Sainsbury's was awarded the Business and Industry Commitment to the Environment Premier Award for its development at Wolverhampton, which incorporated a derelict church into the supermarket scheme. As referred to in the Chairman's Statement, the Company was also joint winner of the 1989 Environmental Management Award given under the Better Environment Awards for Industry scheme, for its environmental management initiatives.

*Derelict after years of use as a glue factory, this former Georgian silk mill was restored and incorporated as part of the Stratford Common, London, development.*

**Average Size of Sainsbury's Stores (sq. ft.)**



*In the five years since 1985 the average size of new Sainsbury's supermarkets has increased by nearly a quarter.*



**The Changing Scene**

Sainsbury's now employs over 100,000 people in the UK and the US. In the UK, the Company is creating over 4,000 new jobs each year and, in all its divisions and departments, offers exciting and challenging career opportunities. These are in the traditional areas of buying and store operations and also across a wide range of professional disciplines.

The radically changing demographic profiles of the 1990s will present the Company with major challenges in attracting and retaining the quality of staff necessary to meet the growth of the business. Sainsbury's response is an integrated approach to recruitment and staff development which builds upon existing and established education and training schemes. It

provides all employees who seek them with opportunities for personal development and the chance to make a greater contribution to the Company's success.

**Recruitment**

Recruitment activity is becoming more focused and concentrates on marketing the Company to potential employees at a number of levels. Liaison with schools and the higher education sector is being enhanced to increase the awareness of teachers and students of Sainsbury's career opportunities. The Company is fully involved with the Education Business Partnership and the Compact Movement in a number of locations. General advice and financial support have been provided to further and higher education and, in particular, to

*"All sorts of people work at Sainsbury's". Michael Skalecki and Sandra Albins (right and second right), from the management team at Welwyn Garden City store, explain career opportunities at a conference of careers officers from Hertfordshire secondary schools and the County Education Department.*





institutions launching and offering vocational courses including degrees in retail marketing.

At a local level, Sainsbury's is encouraging increased contact between its stores and schools in their areas. Support is offered through a book donation scheme, the provision of equipment, and detailed information packs for GCSE project work. The Company's new Retail Training Scheme for 16- and 17-year-olds – an 'own label' version of YTS – has been extended nationwide, providing full-time employment with structured training, leading to national vocational qualifications.

### Training and Development

Training and development programmes are available to all Sainsbury's staff from junior levels through to senior management. Customer service training is supplemented with a range of technical and managerial skills programmes which reflect the Company's commitment to providing opportunities for personal development.

As part of this commitment, the 'Sainsbury Scholarships' Scheme was launched recently. This offers 100 scholarships each year, awarded on a competitive basis, to its own student employees going on to higher education and to final year undergraduates at universities or polytechnics identified by Sainsbury's as target locations for graduate recruitment. The Scheme provides students with financial support while they are undertaking



full-time study together with structured and well paid vacation training opportunities or sandwich year industrial placements.

A further initiative has been the launching of the Senior Management Development Programme, which provides top management with the chance to update their technical and managerial skills, and so equip them for the demands of the future.

*Top: checkout supervisor Kim Brown has benefited from the new opportunities for part-time staff to enter into store management.*

*Above left: a group of new recruits at the Cbadwell Heath store. Sixteen-year-old school leavers join Sainsbury's through the Retail Training Scheme.*

*Above right: Sainsbury's sponsored students receive financial support from the Company. Julia Lott (centre) is looking forward to starting a career as a buyer when she has finished her Nutrition Degree at Nottingham University*



*Management training continues at all levels. Right: taking part in the Senior Management Development Programme is Ian Fidler, Warehouse Operations Manager at Buntingford (far right), seen here in discussion with Perishables Manager Peter Cox; below: Peter Sirman, Deputy Store Manager at Stanway, Essex, store is studying for the Sainsbury-sponsored MBA at The City University.*



**Career Opportunities**

Career opportunities for supermarket staff were clarified and improved last year following the implementation of a new job evaluation scheme. Under the banner 'Placing New Values on our People', the scheme reflected the many skills required in a modern supermarket, and the multi-skilling which is increasingly the norm. It has helped to underpin the Company's equal opportunities policy.

Sainsbury's continuing emphasis on training ensures that staff are employed in a way which maximises their job satisfaction and the service offered to customers, as well as increasing the career opportunities open to them.

Providing the chance to develop and take on greater responsibility is the key element in the strategy to ensure staff remain with the Com-

pany and make a long-term contribution to its success. Determined efforts over several years to encourage more women to enter store management are now showing positive results. About half the positions in retail management are now held by women and there are over 750 women managers in buying, personnel, data processing and other professional areas.

**Part-time Employees**

Within the Retail Division, further progress has been made in aligning the conditions of employment for full- and part-time staff. Part-time staff are now fully included in sick pay and staff discount schemes, and the qualifying period for the Christmas bonus has been reduced. The pension scheme has been altered to allow part-time staff to become members. The profit sharing and savings-related share





option schemes have been widened to allow those staff working less than 16 hours a week the opportunity of taking shares. The store management structure now offers opportunities for part-time management.

### **Staff Involvement in the Community**

Sainsbury staff are noted for their enthusiasm and energy in fund raising for charity and have raised large sums for local and national causes.

Last year a new annual Community Award Scheme gave public recognition to the involvement of individual members of staff in charity and community work. Ten members of staff, selected from over 150 nominees, were presented with framed certificates acknowledging their individual efforts and each was invited to direct a Company donation to the charity of their choice.

An increasing number of staff are, as private individuals, contributing to local communities by undertaking responsibility as school governors. Recognising the



importance of this work under the new arrangements for school management, the Company is providing opportunities for training and discussion about governors' new responsibilities and offering modest financial support for the schools themselves.



*Above left: checkout operator Joyce Brown at the Streatbam Common, London, store is one of the 53,000 part-time staff working for Sainsbury's in the UK. During the year, changes to part-time conditions of employment included full participation in the employee share schemes.*

*Above right: An important job evaluation scheme completely re-appraised the jobs of 60,000 supermarket staff below management level. Marian Hayward, Meat Preparation Assistant at Crayford store, was one of the ten members of the staff panel which reviewed the new classifications and determined the relative value of each job.*



*Left: checking azaleas for quality. Homebase horticulturalist Martin Leonard (left) at Crayford Homebase confers with colleague Bob Morris, who is one of the 1,300 or so older employees within Sainsbury's who have come back to work after retirement or who have stayed on beyond their normal retirement age.*



## RETAIL SUBSIDIARIES

|                                   | Homebase |         | Savacentre |         | Shaw's   |          |
|-----------------------------------|----------|---------|------------|---------|----------|----------|
|                                   | 1990     | 1989    | 1990       | 1989*   | 1990**   | 1989     |
| Sales . . . . .                   | £200.6m  | £180.3m | £365.8m    | £329.2m | \$1.69bn | \$1.46bn |
| Operating Profit . . . . .        | £10.9m   | £8.6m   | £17.3m     | £18.4m  | \$54.6m  | \$40.0m  |
| Number of stores . . . . .        | 55       | 48      | 8          | 7       | 66       | 61       |
| Sales area (000 sq.ft.) . . . . . | 2,213    | 1,886   | 665        | 543     | 1,928    | 1,693    |
| Full-time employees . . . . .     | 1,397    | 1,448   | 2,214      | 1,821   | 4,844    | 4,511    |
| Part-time employees . . . . .     | 2,440    | 2,270   | 4,143      | 3,661   | 10,068   | 9,499    |

\*57 weeks \*\*53 weeks



*Opening Days. Above: Homebase Chairman Gurtb Hoyer Millar (left) with Managing Director Dino Adriano at Harlow; below:*



*Savacentre Chairman David Sainsbury (left) talks with Managing Director David Clapham at London Colney.*





### Homebase

Homebase has performed strongly and increased market share despite the impact of a substantially weaker residential house market which directly affects the DIY sector. Operating profit increased by 26.2% with sales up 11.3%. This further profit increase, following a doubling of profit the previous year, reflects the underlying strength of the Homebase offer and operation. Seven Homebases opened during the year, 55 were open by the year end. Four more began trading before Easter and five now under construction will also open in 1990/91.

Significant advantages in quality and availability of product and use of space result from the centralised distribution system which Homebase has pioneered within the DIY sector. More than half the goods sold in Homebase stores are handled through the contract distribution depot at Northampton and the horticultural depot at Swindon.

### Directors

G. C. Hoyer Millar (Chairman)  
D. B. Adriano (Managing Director)  
A. H. Bienfait  
S. W. Bradbury  
I. D. Coull  
J. Dopchie  
D. E. Henson  
J. Pitz  
M. Rosen  
M. R. Sargeant

### Savacentre

Savacentre traded well in its first year as a wholly-owned subsidiary. The sales increase of 20.9% (based on 52-week comparatives) reflects the successful growth of the Merton Savacentre (opened February 1989) whilst operating profit of £17.3 million was affected by the pre-opening costs of the London Colney Savacentre (opened March 1990).

London Colney Savacentre, Britain's largest hypermarket, stands on a 23-acre site alongside Junction 22 of the M25. It carries over 39,000 products, offers a wide range of concessions and other facilities, petrol and free parking for 1,800 cars.

A ninth Savacentre will open in September as part of the Meadowhall shopping and leisure mall by Junction 34 of the M1 in Sheffield.

### Directors

D. J. Sainsbury (Chairman)  
D. J. Clapham (Managing Director)  
J. H. G. Barnes  
P. Boam  
H. M. A. Elvidge  
J. G. Grindle  
R. McLaren  
A. J. Mitcham  
D. N. Roberts  
S. R. Sunnucks  
C. R. Turner

### Shaw's

Shaw's, Sainsbury's 66-strong American supermarket chain trading in New England, increased its operating profit to \$54.6 million, up 33.6% (adjusted for the 53-week year) and increased its sales by 12.7% (on an annualised basis) to \$1.69 billion. The Iandoli stores acquired in October 1987 are now making a contribution to operating profit.

During the course of the year eight new stores were opened, including one replacement. This represents an increase in sales space of 13.9%. In 1990/91 six new stores will open, including one replacement, to give a further increase of 10.7%. Shaw's will be investing \$64 million next year in new stores, distribution facilities and systems.

### Directors

D. B. Jenkins (Chairman)  
D. J. Sainsbury (Vice Chairman)  
J. A. Demme (President)  
S. M. DuBrul, Jr.  
R. L. Eklund  
J. D. Kelleher  
N. F. Matthews  
H. V. Powell  
D. A. Quarmby  
R. P. Whitbread

*Sainsbury's in New England.  
Chairman of Shaw's David Jenkins  
(right) with President Jim Demme.*





## BOARD OF DIRECTORS



**Lord Sainsbury of Preston Candover**  
Chairman



**D. J. Sainsbury**  
Deputy Chairman



**J. H. G. Barnes**  
Joint Managing Director



**D. A. Quarmby**  
Joint Managing Director



**R. T. Vyner**  
Assistant Managing Director



**R. Cooper**  
Trading Director



**J. E. Adshead**  
Personnel Director



**C. I. Harvey**  
Retail Director



**D. B. Adriano**  
Managing Director, Homebase

### JOINT PRESIDENTS

**Lord Sainsbury of Drury Lane**  
**Sir Robert Sainsbury**

### BOARD OF DIRECTORS

**Lord Sainsbury of Preston Candover**

Joined the Company in 1950; appointed Director in 1958; Vice Chairman 1967-69; Chairman and Chief Executive 1969; age: 62.

#### **D. J. Sainsbury**

Joined the Company in 1963; appointed Director in 1966; Finance Director 1973-90; Chairman, Savacentre 1984; Deputy Chairman 1988; age: 49.

#### **J. H. G. Barnes**

Joined the Company in 1956; appointed Director in 1969; responsible for the Retail Division since 1977; Joint Managing Director, Trading 1988; retires from executive duties July 1990; age: 59.

#### **D. A. Quarmby**

Joined the Company in 1984 as Director of Distribution; Joint Managing Director in 1988 with responsibility for non-trading functions; from July 1990 will have overall responsibility for operations; age: 48.

#### **R. T. Vyner**

Joined the Company in 1978 as Director responsible for grocery and non-foods buying; Assistant Managing Director, Buying and Marketing 1986; appointed to be Joint Managing Director in July 1990; age: 53.

#### **C. Roberts**

Joined the Company in 1958; appointed a trading Director 1975; now responsible for marketing services, dairy, bakery, produce, off-licence and frozen foods buying; age: 57.

#### **R. A. Clark**

Joined the Company in 1966; Director for personnel and data processing 1979-1988; now responsible for distribution and data processing; age: 55.

#### **D. E. Henson**

Joined the Company in 1979 as Director responsible for financial control; Finance Director 1990; age: 57.

#### **K. C. Worrall**

Joined the Company in 1953; appointed Director for grocery and non-foods buying in 1986; age: 53.

#### **I. D. Coull**

Joined the Company in 1988 as Director of the Development Division; age: 39.

#### **R. Cooper**

Joined the Company in 1975; appointed Director for Meat, Pork Products and Bakery Buying and Scientific Services in 1988; age: 41.

#### **J. E. Adshead**

Joined the Company in February 1989 as Personnel Director; age: 45.

#### **C. I. Harvey**

Joined the Company in 1958 as a tradesman; appointed an Area Director in 1983; became Director responsible for the Retail Division in 1989; age: 48.

#### **D. B. Adriano**

Joined the Company in 1964 as an accountant; was General Manager of Homebase 1981-86; following a period as an Area Director, returned to Homebase as Managing Director in 1989; age: 46.

#### **Sir Roy Griffiths**

Joined the Company in 1968; appointed Director of Personnel and Administration in 1969; Managing Director 1979-1988; Deputy Chairman 1975 (non-executive since 1988); age: 63.





**C. Roberts**  
Trading Director



**R. A. Clark**  
Distribution Director



**D. E. Henson**  
Finance Director



**K. C. Worrall**  
Trading Director



**I. D. Coull**  
Development Director



**Sir Roy Griffiths**  
Deputy Chairman;  
non-executive



**G. C. Hoyer Millar**  
Chairman, Homebase;  
non-executive



**Sir James Spooner**  
non-executive



**The Rt. Hon. Lord  
Prior PC**  
non-executive



**Lady Eccles of  
Moulton**  
non-executive

**G. C. Hoyer Millar**

Joined the Company in 1964; appointed Director of Distribution in 1967; Development Director 1974-88; non-executive 1989; Chairman, Homebase 1979; age: 60.

**Sir James Spooner**

First appointed a non-executive Director of the Company in 1981; inter alia a director of John Swire & Sons, Barclays Bank and Morgan Crucible (Chairman); age: 57.

**The Rt. Hon. Lord Prior PC**

First appointed a non-executive Director of the Company in 1984; Privy Counsellor since 1970; has held a number of Cabinet posts; currently Chairman of the General Electric Company plc and a director of a number of other companies; age: 62.

**Lady Eccles of Moulton**

First appointed a non-executive Director of the Company in 1986; Chairman of Ealing Health Authority; Vice Chairman of Durham University Council and a director of a number of other companies; age: 56.

**DEPARTMENTAL DIRECTORS**

**R. A. Anderson**

Property Development

**J. E. Blake**

Data Processing

**P. Boam**

Property Development

**M. W. Broomfield**

Area Director

**A. B. Cheesman**

Off-Licence and Bakery

**M. D. Conolly**

Marketing

**D. J. Graham**

Distribution

**J. G. Grindle**

Retail Operations

**W. T. Hales**

Retail Operations

**I. J. Hunt**

Marketing Services

**P. Ibbotson**

Construction

**A. L. Jacobs**

Company Systems

**C. J. Leaver**

Public Relations

**R. McLaren**

Produce

**N. F. Matthews**

Group Secretary, Public Affairs

**I. G. Merton**

Meat, Poultry

**M. D. Morgan**

Cheese, Dairy, Frozen Foods

**F. E. Netscher**

Chief Accountant

**J. R. Phillipson**

Area Director

**M. T. Powell**

Distribution

**A. F. Rees**

Marketing (Designate)

**J. A. Renshaw**

Bacon, Pork Products, Delicatessen

**E. G. P. Ricketts**

Merchandising

**M. Rosen**

Non-Foods

**D. W. Smith**

Area Director

**Dr. R. Spencer**

Scientific Services

**R. P. Whitbread**

Area Director

**T. A. Wigley**

Area Director

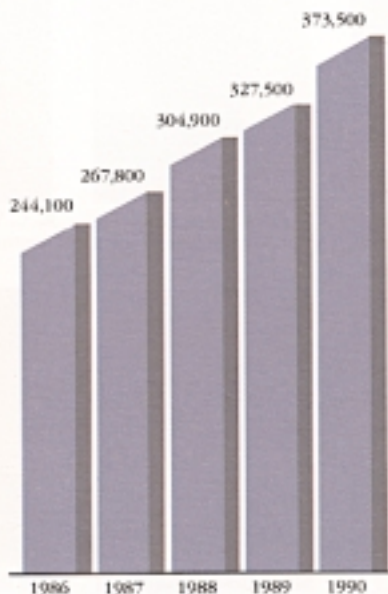


**Sainsbury's Sales per sq. ft.**  
(£ per week)



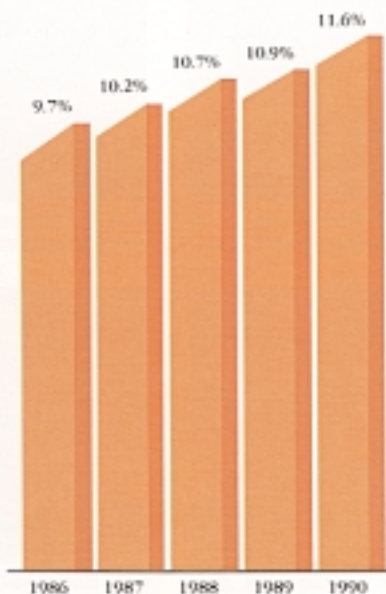
*In the five years since 1985 sales per square foot have increased by one fifth.*

**Sainsbury's Sales per Store**  
(£ per week)



*In the five years since 1985 sales per store have increased by nearly 70%.*

**UK Market Share**



*Share of national trade in food and drink shops based on supermarket sales, Savacentre food and grocery non-food sales and DTI data.*



*The new Sainsbury's at Leamington, Warwickshire, offers the full range of customer facilities. It replaced a store of less than half its size built in 1971.*



# TEN YEAR FINANCIAL RECORD

| Results & million                                    | 1981           | 1982           | 1983**         | 1984           | 1985           |
|------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Group Sales (including VAT &amp; Sales Taxes)</b> | <b>1,589.2</b> | <b>1,950.5</b> | <b>2,315.8</b> | <b>2,688.5</b> | <b>3,135.3</b> |
| Increase on previous year                            | 29.6%          | 22.7%          | 17.6%          | 16.1%          | 16.6%          |
| UK Operating Margin                                  | 3.67%          | 4.22%          | 4.37%          | 4.78%          | 4.84%          |
| <b>Group Operating Profit</b>                        | <b>58.3</b>    | <b>82.4</b>    | <b>101.1</b>   | <b>128.5</b>   | <b>151.8</b>   |
| Associates                                           | 1.4            | 2.5            | 5.4            | 6.0            | 9.7            |
| Profit sharing                                       | (3.7)          | (5.7)          | (6.6)          | (9.7)          | (12.1)         |
| <b>Group Trading Profit</b>                          | <b>62.1</b>    | <b>83.4</b>    | <b>99.8</b>    | <b>127.3</b>   | <b>153.8</b>   |
| <b>Increase on previous year</b>                     | <b>41.8%</b>   | <b>34.3%</b>   | <b>19.1%</b>   | <b>27.6%</b>   | <b>20.8%</b>   |
| Other Operating Income                               | —              | —              | 0.9            | 2.7            | 2.6            |
| <b>Profit Before Tax</b>                             | <b>62.1</b>    | <b>83.4</b>    | <b>100.7</b>   | <b>130.0</b>   | <b>156.4</b>   |
| <b>Increase on previous year</b>                     | <b>41.8%</b>   | <b>34.3%</b>   | <b>20.2%</b>   | <b>29.1%</b>   | <b>20.3%</b>   |
| Tax charge                                           | 12.7           | 15.4           | 27.4           | 41.0           | 48.0           |
| Profit after Tax                                     | 49.4           | 68.0           | 73.3           | 89.0           | 108.4          |
| <b>Earnings per Share (35% Tax)*</b>                 | <b>3.01p</b>   | <b>4.02p</b>   | <b>4.81p</b>   | <b>6.13p</b>   | <b>7.32p</b>   |
| Increase on previous year                            | 40.7%          | 33.6%          | 19.2%          | 27.4%          | 19.4%          |
| Dividend per Share                                   | 0.91p          | 1.22p          | 1.47p          | 1.88p          | 2.25p          |

| Results & million                                    | 1986           | 1987           | 1988           | 1989           | 1990           |
|------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Group Sales (including VAT &amp; Sales Taxes)</b> | <b>3,575.2</b> | <b>4,043.5</b> | <b>5,009.5</b> | <b>5,915.1</b> | <b>7,257.0</b> |
| Increase on previous year                            | 14.0%          | 13.1%          | 23.9%          | 18.1%          | 22.7%          |
| UK Operating Margin                                  | 5.30%          | 5.75%          | 6.16%          | 6.89%          | 7.04%          |
| <b>Group Operating Profit</b>                        | <b>189.6</b>   | <b>232.5</b>   | <b>295.7</b>   | <b>372.9</b>   | <b>470.7</b>   |
| Associates                                           | 13.6           | 17.9           | 18.2           | 15.6           | 1.6            |
| Profit sharing                                       | (15.8)         | (21.2)         | (23.9)         | (26.7)         | (33.8)         |
| <b>Group Trading Profit</b>                          | <b>186.8</b>   | <b>237.8</b>   | <b>298.6</b>   | <b>352.3</b>   | <b>420.7</b>   |
| <b>Increase on previous year</b>                     | <b>21.5%</b>   | <b>27.3%</b>   | <b>25.6%</b>   | <b>18.0%</b>   | <b>19.4%</b>   |
| Other Operating Income                               | 5.9            | 9.1            | 9.8            | 22.8           | 30.7           |
| <b>Profit Before Tax</b>                             | <b>192.7</b>   | <b>246.9</b>   | <b>308.4</b>   | <b>375.1</b>   | <b>451.4</b>   |
| <b>Increase on previous year</b>                     | <b>23.2%</b>   | <b>28.1%</b>   | <b>24.9%</b>   | <b>21.6%</b>   | <b>20.3%</b>   |
| Tax charge                                           | 65.4           | 88.9           | 109.0          | 125.1          | 140.5          |
| Profit after Tax                                     | 127.3          | 158.0          | 199.4          | 250.0          | 310.9          |
| <b>Earnings per Share (35% Tax)*</b>                 | <b>8.96p</b>   | <b>11.34p</b>  | <b>13.63p</b>  | <b>16.25p</b>  | <b>19.64p</b>  |
| Increase on previous year                            | 22.4%          | 26.6%          | 20.2%          | 19.2%          | 20.9%          |
| Dividend per Share                                   | 2.75p          | 3.50p          | 4.20p          | 5.05p          | 6.10p          |

\*Adjusted in respect of capitalisation issues in 1982, 1984 and 1987.

\*\*The 1983 results are for the 52 weeks to 26th March 1983; however, for comparability purposes percentage changes relate to the 52 weeks to 26th February 1983.



# REPORT OF THE DIRECTORS

for the 52 weeks to 17th March 1990

## Group Performance

A review of the Group's performance during the year, with comments on the financial results and future developments, is contained in the Chairman's Statement which is adopted as part of this Report.

## Profit and Dividend

The profit on the ordinary activities of the Group before taxation amounted to £451.4 million. After deducting £140.5 million for taxation and £92.4 million for dividends paid and proposed, £221.3 million has been transferred to reserves. The Group trading profit amounted to £420.7 million.

The Directors are proposing the payment of a final dividend of 4.35p per share on 13th July 1990 to shareholders on the Register at the close of business on 15th June 1990; together with the interim dividend paid of 1.75p per share, this makes a total dividend for the year of 6.10p per share.

## Principal Activities

The principal activity of the Group is the retail distribution of food. Other activities through Subsidiaries include the operation of home improvement and garden centres, hypermarkets, and the processing of bacon and pork products.

## Share Capital

During the year 12,276,028 shares were allotted and further options granted under the Company's share schemes for employees. Details are shown on pages 37 and 38.

A Resolution to renew the authority of the Directors to issue shares without applying the statutory pre-emption rights will be proposed at the Annual General Meeting.

The full text of this Resolution is set out in the Notice of Meeting on page 44.

## Profit Sharing

Following the approval of shareholders at the Extraordinary General Meeting in November 1989 and the subsequent grant of approval by the Inland Revenue, participating employees with one financial year's service will qualify for a distribution in respect of 50% of pay, those with two financial years' service will qualify

in respect of 75% of pay, and those with three or more financial years' service will qualify in respect of 100% of pay.

For the 1990 payment only, a transitional arrangement will operate to ensure that those employees with two financial years' service will receive a distribution in respect of 100% of pay.

National Insurance is now payable for the first time on all cash distributions under the Profit Sharing Scheme.

## Haverhill Meat Products Limited

On 17th January 1990 the Company acquired the remaining shares in its Associate Haverhill Meat Products Limited for an overall consideration of £18.5 million.

## Market Value of Properties

Based on the sample valuation undertaken by J. Trevor & Sons which was referred to in the Annual Report and Accounts for 1988/89 the Directors were of the opinion that the open market value of the retail properties of J Sainsbury plc and Homebase Limited at 18th March 1989, including developments, exceeded net book value by 41%. This revaluation was not reflected in the balance sheet at that date.

The Directors remain of the opinion that the properties of the Group, included in this year's accounts at a net book value of £2,122.1 million, have a substantially greater market value.

## Fixed Assets

The movements of fixed assets are shown in Note 1 on page 32.

## Research and Development

The Scientific Services Division employs 167 people and has an annual expenditure of over £5 million. It works in close co-operation with suppliers to achieve the highest standards of product quality, hygiene and safety, and to maintain them throughout the Company's distribution chain and stores. It also works with the Company's buyers to develop new products.

## Employment Policies

Group employment policies respect the individual and offer career oppor-

tunities regardless of sex, race or religion. Full and fair consideration is given to the employment and opportunities for training and development of disabled persons according to their skills and capacity. The services of any existing employee who becomes disabled are retained wherever possible.

Sainsbury's has a very extensive and well-established structure for communicating with employees, especially in relation to the financial results at the year end. Joint Consultative Committees, attended by senior personnel, and a Pensions Consultative Committee discuss matters of concern to employees and allow their views to be taken into account in making decisions which are likely to affect their interests. During the year an extensive job evaluation was undertaken which involved the participation of retail employees.

## Donations

Donations to charitable organisations amounted to £0.9 million (1989: £0.8 million), which included contributions to enterprise agencies, job creation, educational schemes, and the Arts. There were no political donations.

## Directors

The Directors are shown on pages 22 and 23. All the Directors shown held office throughout the year with the exception of Mr. C. I. Harvey who was appointed to the Board on 21st August 1989 and Mr. D. B. Adriano who was appointed to the Board on 18th March 1990. In accordance with the Articles of Association, Resolutions will be submitted to the Annual General Meeting for the re-appointment of Mr. C. I. Harvey and Mr. D. B. Adriano who were both appointed since the last AGM and The Rt. Hon. Lord Prior PC, who retires by rotation and offers himself for re-election. Directors holding executive office do not retire by rotation. Mr. C. I. Harvey, Mr. D. B. Adriano and the Rt. Hon. Lord Prior PC do not hold service contracts.

A Resolution will be proposed at the Annual General Meeting to appoint Mr. R. P. Whitbread a Director.

No Director had during or at the end of the year any material interest in any contract of significance to the Group's business.



### Directors' Interests

The number of ordinary shares and options over ordinary shares held by the Directors and their families at 17th March 1990 were:

|                                    | Ordinary Shares |             |         |          |
|------------------------------------|-----------------|-------------|---------|----------|
|                                    | Beneficial      |             | Options |          |
|                                    | 1990            | 1989        | 1990    | 1989     |
| Lord Sainsbury of Preston Candover | 47,497,363      | 47,494,874  | 54,347  | —        |
| D. J. Sainsbury                    | 338,433,302     | 337,427,656 | 47,101  | —        |
| J. H. G. Barnes                    | 149,699         | 144,320     | 162,200 | 195,332  |
| D. A. Quarmby                      | 12,687          | 8,198       | 242,090 | 194,761  |
| R. T. Vyner                        | 26,825          | 48,446      | 282,422 | 230,215  |
| C. Roberts                         | 178,293         | 149,640     | 172,013 | 205,816  |
| R. A. Clark                        | 118,942         | 124,262     | 198,291 | 190,817  |
| D. E. Henson                       | 103,418         | 114,884     | 164,088 | 193,934  |
| K. C. Worrall                      | 105,767         | 103,278     | 170,277 | 161,430  |
| I. D. Coull                        | 1,000           | 1,000       | 68,510  | 34,090   |
| R. Cooper                          | 32,244          | 26,865      | 134,571 | 122,563  |
| J. E. Adshead                      | 1,000           | 1,000       | 36,231  | —        |
| C. I. Harvey                       | 54,590          | 53,544*     | 133,157 | 134,088* |
| D. B. Adriano                      | 6,534*          | —           | 98,025* | —        |
| Sir Roy Griffiths                  | 104,150         | 104,150     | 299,720 | 299,720  |
| G. C. Hoyer Millar                 | 410,957         | 419,568     | 181,171 | 139,867  |
| Sir James Spooner                  | 4,800           | 4,800       | —       | —        |
| The Rt. Hon. Lord Prior PC         | 11,000          | 11,000      | —       | —        |
| Lady Eccles of Moulton             | 2,000           | 2,000       | —       | —        |

\*At date of appointment.

### Notes:

Beneficial holdings include the Directors' personal holdings and those of their spouses and minor children as well as holdings in family trusts, of which the Directors' spouses or their minor children are beneficiaries or potential beneficiaries.

Non-beneficial holdings of Directors were as follows: D. J. Sainsbury, 428,056 (1989: 478,056); Sir Roy Griffiths, 144,498 (1989: 144,498). Non-beneficial holdings include holdings in charitable trusts of which the Directors are trustees.

Directors' interests in Loan Stock were: Lord Sainsbury of Preston Candover, beneficial 50 (1989: 50), D. J. Sainsbury, non-beneficial 2,095 (1989: 2,095).

Between 17th March 1990 and 12th May 1990 there were no changes in the Directors' interests.

### Substantial Interests

The substantial interests notified to the Company are as follows: H.O.N. & V. Trustee Limited which is a trust company owned by the partners of Denton Hall Burgin & Warrens, the Company's solicitors, and W. M. Pybus and Miss J. Portrait, respectively a consultant and a partner of Denton Hall Burgin & Warrens, are

trustees of various settlements, including charitable settlements.

At 12th May 1990, the total holdings of the trusts of which the above are trustees amounted to 10%, 9% and 10% respectively. As trustee and beneficially, S. D. Sainsbury held 7%. All these holdings include duplications.

### Auditors

Clark Whitehill are willing to continue in office and a Resolution to re-appoint them as Auditors and to authorise the Directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board

**N. F. Matthews**  
Secretary

14th May 1990



# BALANCE SHEETS

17th March 1990

|                                                        | Note | Group            |                  | Company          |                  |
|--------------------------------------------------------|------|------------------|------------------|------------------|------------------|
|                                                        |      | 1990<br>£m       | 1989<br>£m       | 1990<br>£m       | 1989<br>£m       |
| <b>Fixed Assets</b>                                    |      |                  |                  |                  |                  |
| Tangible Assets . . . . .                              | 1    | 2,738.4          | 2,338.1          | 2,097.8          | 1,809.6          |
| Investments . . . . .                                  | 2    | 17.1             | 31.5             | 474.2            | 287.4            |
|                                                        |      | <u>2,755.5</u>   | <u>2,369.6</u>   | <u>2,572.0</u>   | <u>2,097.0</u>   |
| <b>Current Assets</b>                                  |      |                  |                  |                  |                  |
| Investment . . . . .                                   | 5    | 29.4             | —                | 19.0             | —                |
| Stocks . . . . .                                       |      | 308.4            | 286.1            | 196.2            | 183.7            |
| Debtors . . . . .                                      | 6    | 94.9             | 97.3             | 72.8             | 42.0             |
| ACT Recoverable . . . . .                              | 7    | 27.3             | 25.2             | 22.0             | 17.8             |
| Cash at Bank and in Hand . . . . .                     |      | 139.3            | 90.0             | 47.1             | 54.1             |
|                                                        |      | <u>599.3</u>     | <u>498.6</u>     | <u>357.1</u>     | <u>297.6</u>     |
| <b>Creditors: due within one year</b> . . . . .        | 8    | <u>(1,352.3)</u> | <u>(1,314.1)</u> | <u>(1,105.1)</u> | <u>(1,000.8)</u> |
| <b>Net Current Liabilities</b> . . . . .               |      | <u>(753.0)</u>   | <u>(815.5)</u>   | <u>(748.0)</u>   | <u>(703.2)</u>   |
| <b>Total Assets Less Current Liabilities</b> . . . . . |      | <b>2,002.5</b>   | <b>1,554.1</b>   | <b>1,824.0</b>   | <b>1,393.8</b>   |
| <b>Creditors: due after one year</b> . . . . .         | 8    | <b>(431.8)</b>   | <b>(377.1)</b>   | <b>(493.0)</b>   | <b>(278.9)</b>   |
| <b>Deferred Tax</b> . . . . .                          | 10   | <b>(3.9)</b>     | <b>(2.1)</b>     | <b>2.0</b>       | <b>2.0</b>       |
| <b>Minority Interest</b> . . . . .                     | 11   | <b>(161.3)</b>   | <b>(7.3)</b>     | <b>—</b>         | <b>—</b>         |
|                                                        |      | <u>1,405.5</u>   | <u>1,167.6</u>   | <u>1,333.0</u>   | <u>1,116.9</u>   |
| <b>Capital and Reserves</b>                            |      |                  |                  |                  |                  |
| Called up Share Capital . . . . .                      | 12   | 378.6            | 375.6            | 378.6            | 375.6            |
| Share Premium Account . . . . .                        | 13   | 193.8            | 179.1            | 193.8            | 179.1            |
| Revaluation Reserve . . . . .                          | 14   | 20.3             | 24.9             | 20.3             | 24.8             |
| Profit and Loss Account . . . . .                      | 15   | 812.8            | 588.0            | 740.3            | 557.4            |
|                                                        |      | <u>1,405.5</u>   | <u>1,167.6</u>   | <u>1,333.0</u>   | <u>1,116.9</u>   |

Notes on the Financial Statements are on pages 32 to 42

*The Financial Statements on pages 28 to 42 were approved by the Board of Directors on 14th May 1990, and are signed on its behalf by*

**Sainsbury Chairman**

**David Sainsbury Deputy Chairman**



# GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks to 17th March 1990

|                                                            | Note | 1990<br>£m     | 1989<br>£m |
|------------------------------------------------------------|------|----------------|------------|
| <b>Group Sales</b> (including VAT & Sales Taxes) . . . . . | 16   | 7,257.0        | 5,915.1    |
| VAT & Sales Taxes . . . . .                                |      | 326.6          | 256.1      |
| <b>Group Sales</b> (excluding VAT & Sales Taxes) . . . . . |      | <u>6,930.4</u> | 5,659.0    |
| Cost of Sales . . . . .                                    |      | 6,302.3        | 5,165.1    |
| <b>Gross Profit</b> . . . . .                              |      | <u>628.1</u>   | 493.9      |
| Administrative Expenses . . . . .                          |      | 157.4          | 121.0      |
| <b>Group Operating Profit</b> . . . . .                    | 16   | <u>470.7</u>   | 372.9      |
| Net Interest Payable . . . . .                             | 17   | 17.8           | 9.5        |
|                                                            |      | <u>452.9</u>   | 363.4      |
| Associates – share of profit . . . . .                     | 4    | 1.6            | 15.6       |
|                                                            |      | <u>454.5</u>   | 379.0      |
| Profit Sharing . . . . .                                   | 18   | 33.8           | 26.7       |
| <b>Group Trading Profit</b> . . . . .                      |      | <u>420.7</u>   | 352.3      |
| Other Operating Income (Net) . . . . .                     | 19   | 30.7           | 22.8       |
| <b>Profit on Ordinary Activities before Tax</b> . . . . .  | 20   | <u>451.4</u>   | 375.1      |
| Tax on Profit on Ordinary Activities . . . . .             | 23   | 140.5          | 125.1      |
| <b>Profit on Ordinary Activities after Tax</b> . . . . .   |      | <u>310.9</u>   | 250.0      |
| Extraordinary Items (Net) . . . . .                        | 24   | —              | 1.6        |
| <b>Profit after Tax and Extraordinary Items</b> . . . . .  |      | <u>310.9</u>   | 251.6      |
| Minority Interest . . . . .                                |      | 2.8            | (0.4)      |
| <b>Profit for Financial Year</b> . . . . .                 |      | <u>313.7</u>   | 251.2      |
| <b>Dividends</b> . . . . .                                 | 25   | 92.4           | 75.9       |
| <b>Profit Retained</b> . . . . .                           | 15   | <u>221.3</u>   | 175.3      |
| <b>Earnings per Share</b>                                  |      |                |            |
| Excluding other operating income . . . . .                 |      | <b>18.81p</b>  | 15.17p     |
| Including other operating income . . . . .                 |      | <b>20.80p</b>  | 16.66p     |
| <b>Fully Diluted Earnings per Share</b>                    |      |                |            |
| Excluding other operating income . . . . .                 |      | <b>18.36p</b>  | 15.10p     |
| Including other operating income . . . . .                 |      | <b>20.23p</b>  | 16.56p     |



# GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the 52 weeks to 17th March 1990

|                                                                                       | 1990<br>£m     | 1989<br>£m     |
|---------------------------------------------------------------------------------------|----------------|----------------|
| <b>Source of Funds</b>                                                                |                |                |
| Profit on ordinary activities before tax . . . . .                                    | 451.4          | 375.1          |
| Extraordinary items before tax . . . . .                                              | —              | (1.1)          |
|                                                                                       | 451.4          | 374.0          |
| Adjustments for items not involving movement of funds                                 |                |                |
| Depreciation . . . . .                                                                | 103.4          | 79.6           |
| Share of profits before tax of Associates . . . . .                                   | (1.6)          | (15.6)         |
| Share of extraordinary item of Associate before tax . . . . .                         | —              | (9.0)          |
| Deferred Income . . . . .                                                             | —              | (2.1)          |
| <b>Total Generated from Operations</b> . . . . .                                      | <b>553.2</b>   | <b>426.9</b>   |
| <b>Funds from Other Sources</b>                                                       |                |                |
| 5% Convertible Capital Bonds 2004 . . . . .                                           | 146.0          | —              |
| 9½% Notes 1996 . . . . .                                                              | 91.9           | —              |
| 9½% Guaranteed Notes 1991 . . . . .                                                   | —              | 116.8          |
| Unsecured Loan Notes . . . . .                                                        | —              | 36.4           |
| Share capital . . . . .                                                               | 22.1           | 15.4           |
| Minority interest capital contribution . . . . .                                      | 4.3            | 4.3            |
| Disposal of tangible fixed assets . . . . .                                           | 198.1          | 71.7           |
|                                                                                       | <b>1,015.6</b> | <b>671.5</b>   |
| <b>Application of Funds</b>                                                           |                |                |
| Capital expenditure . . . . .                                                         | 692.5          | 502.7          |
| Purchase of Haverhill Meat Products Limited . . . . .                                 | 18.5           | —              |
| Purchase of Savacentre Limited . . . . .                                              | —              | 99.3           |
| Dividends paid . . . . .                                                              | 79.8           | 66.7           |
| Tax paid . . . . .                                                                    | 134.7          | 112.8          |
| Net advances (from)/to Associates . . . . .                                           | (6.0)          | 3.6            |
| Redemption of debentures . . . . .                                                    | —              | 0.2            |
| Unsecured Loan Notes . . . . .                                                        | 32.5           | —              |
|                                                                                       | <b>952.0</b>   | <b>785.3</b>   |
| <b>Decrease/(Increase) in Working Capital</b>                                         |                |                |
| Increase in net creditors . . . . .                                                   | 101.8          | 15.1           |
| Less increase in stocks . . . . .                                                     | 22.3           | 29.3           |
|                                                                                       | <b>79.5</b>    | <b>(14.2)</b>  |
| <b>Increase/(Decrease) in Net Liquid Funds</b> (including Short Term Notes) . . . . . | <b>143.1</b>   | <b>(128.0)</b> |



## ACCOUNTING POLICIES

### Form of Accounts

These accounts comprise the accounts of J Sainsbury plc (the Company) and the consolidated accounts of J Sainsbury plc together with its subsidiary companies and, where appropriate, the relevant proportion of the post acquisition results and reserves of Associates (the Group).

No profit and loss account is presented for the Company as provided by Section 228(7) of the Companies Act 1985.

The accounts, which have been prepared under the historical cost convention as modified by the revaluation of certain properties, are made up to the Company's financial year end apart from the United States subsidiaries which are made up to a date within two weeks of the year end.

### Consolidation

The results of Subsidiaries acquired are included in the Group Profit and Loss Account from the date of acquisition.

Goodwill arising in connection with the acquisition of Subsidiaries is written off against reserves. Goodwill comprises the excess of the purchase price over the fair value of the assets acquired.

### Sales

Sales consist solely of sales through retail outlets, and exclude rental and other income.

### Cost of Sales

Cost of sales consists of all costs to the point of sale including warehouse and transportation costs and all the costs of operating retail outlets.

### Deferred Tax

Provision is made on the liability method for deferred tax which could become payable within the foreseeable future having regard to the Group's projected levels of trading and capital expenditure.

### Depreciation

Depreciation is provided on freehold and long leasehold properties if, in the opinion of the Directors, the estimated residual value of any property will be less than its book value after excluding the effects of inflation, so that the shortfall is written off in equal annual

instalments over the remaining useful life of the property.

Certain landlords' fittings, which have been capitalised as part of leasehold properties, are depreciated in equal annual instalments over the estimated useful life of the asset to the Group.

Leasehold properties with less than 50 years unexpired are depreciated to write off their book value in equal annual instalments over the unexpired period of the lease.

Fixtures, equipment and vehicles are depreciated to write off their cost over their estimated useful lives in equal annual instalments at varying rates not exceeding 15 years and commencing in the accounting year following capitalisation.

### Capitalisation of Interest

Interest incurred on borrowings to finance specific property developments is capitalised net of tax relief.

### Research

Research and Development expenditure is written off as incurred against the profits of the year.

### Sale and Leaseback of Properties

Surpluses and deficits on sale and leaseback of properties are recognised in the year of disposal.

### Pension Costs

The costs of providing pensions for employees are charged in the profit and loss account in accordance with the recommendations of qualified actuaries. Any funding surpluses or deficits that may arise from time to time are amortised over the average working life of employees.

### Leased Assets

Assets used by the Group which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors.

### Stocks

Stocks are valued at the lower of cost and net realisable value; stocks at warehouses are valued at invoiced prices, and at retail outlets at calculated average cost prices.

### Associates

Associates are those shown on page 33. An Associate is a company in which the Group participates in commercial and financial policy and has an interest of between 20% and 50% inclusive. These companies are also related companies as defined in the Companies Act 1985.

### Foreign Currencies

Assets and liabilities in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date. Results from overseas companies are translated at the average rates of exchange for the relevant accounting period of the overseas companies. Differences on translation of investment in overseas companies and related loans are taken directly to reserves.

### Earnings per Share

The calculation of basic earnings per share is based on profit after tax and minority interest, and on the weighted average of ordinary shares in issue after adjustment for capitalisation issues.

The calculation of fully diluted earnings per ordinary share is based on the profit after tax and minority interest and adjustments which assume:

- i) the full conversion of 5% Convertible Capital Bonds 2004 on the first day of the financial year;
- ii) the full exercise of all ordinary share options granted under the Company's own schemes on the first day of the financial year, or the date granted if later.

The amount so derived is divided by the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares arising from the above adjustments.



# NOTES ON THE FINANCIAL STATEMENTS

at 17th March 1990

| 1 Tangible Fixed Assets                        | Group          |                                      |                | Company              |                                      |                |
|------------------------------------------------|----------------|--------------------------------------|----------------|----------------------|--------------------------------------|----------------|
|                                                | Properties     | Fixtures,<br>Equipment<br>& Vehicles | Total          | Properties           | Fixtures,<br>Equipment<br>& Vehicles | Total          |
|                                                | £m             | £m                                   | £m             | £m                   | £m                                   | £m             |
| <b>Cost or Valuation</b>                       |                |                                      |                |                      |                                      |                |
| At 18th March 1989 . . . . .                   | 1,853.8        | 859.4                                | 2,713.2        | 1,391.5              | 690.7                                | 2,082.2        |
| Additions . . . . .                            | 512.9          | 179.6                                | 692.5          | 406.8                | 137.0                                | 543.8          |
| Disposals . . . . .                            | 189.5          | 41.7                                 | 231.2          | 171.3                | 36.7                                 | 208.0          |
| Exchange adjustments . . . . .                 | 9.0            | 3.7                                  | 12.7           | —                    | —                                    | —              |
| At 17th March 1990 . . . . .                   | <u>2,186.2</u> | <u>1,001.0</u>                       | <u>3,187.2</u> | <u>1,627.0</u>       | <u>791.0</u>                         | <u>2,418.0</u> |
| <b>Depreciation</b>                            |                |                                      |                |                      |                                      |                |
| At 18th March 1989 . . . . .                   | 55.2           | 319.9                                | 375.1          | 17.8                 | 254.8                                | 272.6          |
| Provided in the year . . . . .                 | 13.5           | 89.9                                 | 103.4          | 5.1                  | 71.1                                 | 76.2           |
| Disposals . . . . .                            | 6.2            | 26.9                                 | 33.1           | 5.5                  | 23.1                                 | 28.6           |
| Exchange adjustments . . . . .                 | 1.6            | 1.8                                  | 3.4            | —                    | —                                    | —              |
| At 17th March 1990 . . . . .                   | <u>64.1</u>    | <u>384.7</u>                         | <u>448.8</u>   | <u>17.4</u>          | <u>302.8</u>                         | <u>320.2</u>   |
| <b>Net Book Value</b>                          |                |                                      |                |                      |                                      |                |
| At 17th March 1990 . . . . .                   | <u>2,122.1</u> | <u>616.3</u>                         | <u>2,738.4</u> | <u>1,609.6</u>       | <u>488.2</u>                         | <u>2,097.8</u> |
| At 18th March 1989 . . . . .                   | <u>1,798.6</u> | <u>539.5</u>                         | <u>2,338.1</u> | <u>1,373.7</u>       | <u>435.9</u>                         | <u>1,809.6</u> |
| <b>Capital Work-in-Progress included above</b> |                |                                      |                |                      |                                      |                |
| At 17th March 1990 . . . . .                   | 135.2          | 33.1                                 | 168.3          | 84.4                 | 23.4                                 | 107.8          |
| At 18th March 1989 . . . . .                   | 99.4           | 20.9                                 | 120.3          | 70.0                 | 18.0                                 | 88.0           |
| <b>Analysis of Properties</b>                  |                |                                      |                | <b>Group</b>         | <b>Company</b>                       |                |
| At 17th March 1990                             |                |                                      |                | Cost or<br>Valuation | Cost or<br>Valuation                 |                |
|                                                |                |                                      |                | £m                   | £m                                   |                |
| Freehold . . . . .                             |                |                                      |                | 1,619.6              | 1,224.0                              |                |
| Long Leasehold . . . . .                       |                |                                      |                | 460.4                | 375.6                                |                |
| Short Leasehold . . . . .                      |                |                                      |                | 106.2                | 27.4                                 |                |
|                                                |                |                                      |                | <u>2,186.2</u>       | <u>1,627.0</u>                       |                |

The United States properties and the properties of Savacentre Limited have been included on the basis of the fair value attributed by the Directors at the date of acquisition.

The amount included in additions in respect of interest capitalised during the year ended 17th March 1990 amounted to £37.1 million after deducting tax relief of £19.5 million.

Included in the net book value of fixed assets is £38.5 million in respect of assets held under finance leases.

Included in the Group and Company totals above are properties which were valued in 1973 by Messrs. Healey & Baker and/or Messrs. G. L. Hearn and Partners on an open market basis of £28.9 million as follows: Freehold £19.3 million, Long Leasehold £9.2 million and Short Leasehold £0.4 million.

If these properties at the 1973 Valuation of £28.9 million had been included at original cost, the cost and depreciation figures at 17th March 1990 would have been Freehold £4.6 million, Long Leasehold £3.9 million and Short Leasehold £0.1 million with cumulative depreciation of £0.3 million, £0.7 million and £0.1 million respectively (compared to £1.3 million, £2.0 million and £0.2 million depreciation on revalued cost).

| 2 Investments                   | Group       |             | Company      |              |
|---------------------------------|-------------|-------------|--------------|--------------|
|                                 | 1990        | 1989        | 1990         | 1989         |
|                                 | £m          | £m          | £m           | £m           |
| Subsidiaries (Note 3) . . . . . | —           | —           | 467.6        | 280.3        |
| Associates (Note 4) . . . . .   | 14.1        | 30.4        | 6.6          | 7.1          |
| Other investments . . . . .     | 3.0         | 1.1         | —            | —            |
|                                 | <u>17.1</u> | <u>31.5</u> | <u>474.2</u> | <u>287.4</u> |



### 3 Investment in Subsidiaries

The Company's principal Subsidiaries are:

|                                           | Share of Ordinary<br>Allotted Capital | Country of<br>Incorporation |
|-------------------------------------------|---------------------------------------|-----------------------------|
| Savacentre Limited . . . . .              | 100%                                  | UK                          |
| Homebase Limited . . . . .                | 75%                                   | UK                          |
| Shaw's Supermarkets, Inc. . . . .         | 100%*                                 | USA                         |
| J Sainsbury (U.S.A.) Inc. . . . .         | 100%*                                 | USA                         |
| J Sainsbury (Finance) B.V. . . . .        | 100%                                  | Netherlands                 |
| J Sainsbury (Capital) Limited . . . . .   | 100%                                  | Jersey                      |
| Haverhill Meat Products Limited . . . . . | 100%                                  | UK                          |

Details of other Subsidiaries will be set out in the Company's Annual Return.

All shares in Subsidiaries are held directly by J Sainsbury plc, apart from those marked\* above, which are held by another subsidiary company. All Subsidiaries operate in the countries of their incorporation.

| Investments                                       | Company<br>£m |
|---------------------------------------------------|---------------|
| Shares at cost                                    |               |
| Balance 18th March 1989 . . . . .                 | 57.5          |
| Additions . . . . .                               | 20.4          |
| <b>Balance 17th March 1990 . . . . .</b>          | <b>77.9</b>   |
| Long Term Capital Advances                        |               |
| Balance 18th March 1989 . . . . .                 | 222.8         |
| Net Increase . . . . .                            | 166.9         |
| <b>Balance 17th March 1990 . . . . .</b>          | <b>389.7</b>  |
| <b>Total Investment 17th March 1990 . . . . .</b> | <b>467.6</b>  |
| 18th March 1989 . . . . .                         | 280.3         |

The consolidated accounts are based upon the audited accounts of the Company and its Subsidiaries made up to 17th March 1990, with the exception of Haverhill Meat Products Limited (17th February 1990) and J Sainsbury (U.S.A.) Inc. and Shaw's Supermarkets, Inc. (3rd March 1990). In the opinion of the Directors it is necessary for the overseas companies to prepare accounts to an accounting date earlier than the rest of the Group for the early production of the Group accounts.

### 4 Investment in Associates

|                                                                               | Share of<br>Allotted Capital | Share of Profit<br>Before Tax |             |
|-------------------------------------------------------------------------------|------------------------------|-------------------------------|-------------|
|                                                                               |                              | 1990<br>£m                    | 1989<br>£m  |
| Haverhill Meat Products Limited . . . . .                                     | 50%                          | 0.4                           | 3.0         |
| Breckland Farms Limited                                                       |                              |                               |             |
| 200,000 "B" Ordinary Shares of £1 each                                        | 50%                          | 0.7                           | (0.2)       |
| 141,532 1% Redeemable Preference Shares of £1 each } . . . . .                |                              |                               |             |
| Kings Reach Investments Limited                                               |                              |                               |             |
| 28,760 Ordinary Shares of 1p each . . . . .                                   | 28.76%                       | 0.9                           | 1.3         |
| Sainsbury LET Developments Limited                                            |                              |                               |             |
| 500 "B" Ordinary Shares of £1 each . . . . .                                  | 50%                          | (0.4)                         | 0.1         |
| 9,000 Preference Shares of £1 each. . . . .                                   | 100%                         |                               |             |
| Savacentre Limited                                                            |                              |                               |             |
| Share of profits for 56 weeks before it became a Subsidiary in 1989 . . . . . |                              | —                             | 11.4        |
|                                                                               |                              | <b>1.6</b>                    | <b>15.6</b> |



#### 4 Investment in Associates – continued

| Investments                                                          | Group       | Company    |
|----------------------------------------------------------------------|-------------|------------|
|                                                                      | £m          | £m         |
| Balance 18th March 1989                                              | 1.1         | 1.1        |
| Adjustment in respect of Haverhill Meat Products Limited acquisition | (0.5)       | (0.5)      |
| <b>Balance 17th March 1990</b>                                       | <b>0.6</b>  | <b>0.6</b> |
| Share of Post Acquisition Reserves                                   |             |            |
| Balance 18th March 1989                                              | 23.3        | —          |
| Share of retained loss for the year                                  | (5.4)       | —          |
| Adjustment in respect of Haverhill Meat Products Limited             | (10.4)      | —          |
| <b>Balance 17th March 1990</b>                                       | <b>7.5</b>  | <b>—</b>   |
| Long Term Capital Advances                                           |             |            |
| Balance 17th March 1990 and 18th March 1989                          | 6.0         | 6.0        |
| <b>Total Investment 17th March 1990</b>                              | <b>14.1</b> | <b>6.6</b> |
| 18th March 1989                                                      | 30.4        | 7.1        |

The proportion of the profits of the Associates attributable to the Group and the reserves included in the Group Balance Sheet are taken from the audited accounts produced within three months of the balance sheet date, except Kings Reach Investments Limited where management accounts are used.

The reserves shown above are after deducting a dividend received by J Sainsbury plc of £6.0 million (1989: £1.0 million).

All Associates operate and are incorporated in the United Kingdom.

#### J Sainsbury plc Directors of Associates

Breckland Farms Limited: A. W. Fry, I. G. Merton and M. Sheard.

Kings Reach Investments Limited: D. J. Sainsbury and C. W. Burdsey.

Sainsbury LET Developments Limited: E. A. Q. Davidson and T. A. Baker.

#### 5 Current Asset Investment

This represents the Company's 100% shareholding in Haverhill Meat Products Limited. Since it is the Company's intention that its control is temporary, the investment has been treated as a current asset. The investment in the Group accounts is stated at cost plus the relevant proportion of post acquisition reserves because, in the opinion of the Directors, this properly reflects the nature of the Group's actual interest in Haverhill Meat Products Limited.

#### 6 Debtors

|                                                                  | Group       |             | Company     |             |
|------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                  | 1990<br>£m  | 1989<br>£m  | 1990<br>£m  | 1989<br>£m  |
| Trade                                                            | 10.5        | 7.0         | 2.2         | 1.8         |
| Amounts owed by Subsidiaries                                     | —           | —           | 6.7         | 7.3         |
| Amounts owed by Associates                                       | 0.4         | 1.7         | 0.4         | 1.7         |
| Other Debtors (including £1.8 million due in more than one year) | 77.1        | 64.3        | 61.3        | 27.8        |
| Prepayments                                                      | 5.7         | 6.5         | 2.2         | 3.4         |
| Corporation Tax Recoverable                                      | 1.2         | 17.8        | —           | —           |
|                                                                  | <b>94.9</b> | <b>97.3</b> | <b>72.8</b> | <b>42.0</b> |

#### 7 ACT Recoverable

The advance corporation tax (ACT) is recoverable by set off against corporation tax payments in future periods of which £5.4 million (1989: £7.4 million) is recoverable in more than one year.



## 8 Creditors

|                                                                     | Group          |                | Company        |                |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                     | 1990<br>£m     | 1989<br>£m     | 1990<br>£m     | 1989<br>£m     |
| <b>Due within one year</b>                                          |                |                |                |                |
| Bank Loans and Overdrafts                                           | 236.2          | 319.3          | 207.1          | 160.6          |
| Unpresented Cheques                                                 | 125.2          | 115.9          | 80.2           | 76.5           |
| Short Term Notes                                                    | —              | 20.0           | —              | 20.0           |
| Unsecured Loan Notes                                                | 24.6           | 3.5            | 3.7            | —              |
| Current portion of long term indebtedness, including finance leases | 2.7            | 5.6            | —              | —              |
| Trade Creditors                                                     | 481.1          | 438.0          | 410.1          | 374.0          |
| Corporation Tax                                                     | 120.9          | 132.0          | 117.6          | 103.8          |
| Social Security Costs and Other Taxes                               | 14.8           | 14.2           | 11.0           | 10.7           |
| Other Creditors                                                     | 213.2          | 169.0          | 177.7          | 141.6          |
| Accruals                                                            | 67.0           | 42.6           | 21.5           | 10.5           |
| Amounts owed to Subsidiaries                                        | —              | —              | 9.6            | 49.1           |
| Amounts owed to Associate                                           | 0.7            | 0.7            | 0.7            | 0.7            |
| Proposed Dividend (Note 25)                                         | 65.9           | 53.3           | 65.9           | 53.3           |
|                                                                     | <u>1,352.3</u> | <u>1,314.1</u> | <u>1,105.1</u> | <u>1,000.8</u> |

The Unsecured Loan Notes comprise issues by the parent company with interest at a margin below LIBOR rates and by a subsidiary company which is interest free. Included in Group Other Creditors is £10.0 million secured on freehold land.

|                                                    | Group        |              | Company      |              |
|----------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                    | 1990<br>£m   | 1989<br>£m   | 1990<br>£m   | 1989<br>£m   |
| <b>Due after one year</b>                          |              |              |              |              |
| First Mortgage Debentures                          | 1.6          | 1.6          | 1.6          | 1.6          |
| Secured Loans                                      | 8.7          | 10.1         | —            | —            |
| Term Bank Loans                                    | 2.5          | 7.6          | —            | —            |
| Unsecured Loan Notes                               | 23.8         | 76.1         | 3.9          | 36.4         |
| 9½% Notes 1991                                     | 120.4        | 116.8        | —            | —            |
| 5½% Guaranteed Notes 1991                          | 19.8         | 18.6         | —            | —            |
| 10½% Notes 1993                                    | 100.0        | 100.0        | 100.0        | 100.0        |
| 9½% Notes 1996                                     | 92.3         | —            | 92.3         | —            |
| 8% Irredeemable Unsecured Loan Stock               | 2.9          | 2.9          | 2.9          | 2.9          |
| Finance Leases                                     | 41.1         | 24.0         | —            | —            |
| Loan to Homebase Limited from minority shareholder | 11.5         | 11.5         | —            | —            |
| Amount due to subsidiary company                   | —            | —            | 292.3        | 138.0        |
| Other Creditors                                    | 7.2          | 7.9          | —            | —            |
|                                                    | <u>431.8</u> | <u>377.1</u> | <u>493.0</u> | <u>278.9</u> |

The mortgage debentures comprise £0.5 million 7¼% stock 1987/92 and £1.1 million 6½% stock 1988/93. Each provides for redemption at par within 5 years of the terminal date or by yearly drawing out of a sinking fund established for the purpose.

The sinking fund obligations in any year may be satisfied by tendering, at the lower of par or inclusive cost, stock previously purchased by the Company; the obligations in respect of both stocks arising in the year ended 17th March 1990 have been met in this way. The value of debenture stock redeemed between 18th March 1990 and 14th May 1990 amounted to £163,000. The mortgage debenture stocks are secured on certain of the Group's freehold and leasehold properties.

The secured loans comprise US dollar loans to an overseas Subsidiary. Repayment and interest terms are as follows:

- \$7.5 million repayable by 1993 in annual instalments of \$1.5 million with a \$3.0 million balloon payment in 1993; interest rates are related to prime rate.
- \$0.7 million repayable by 1996 in annual instalments; interest at varying rates from 4.8% to 16%.
- \$6.0 million secured by specific mortgages repayable in monthly instalments; interest at varying rates from 7% to 11.5%.

The Term Bank Loan of \$4.0 million to an overseas subsidiary company bears interest at 7.7% and is repayable in 1991. The proceeds of this loan have been lent by the overseas Subsidiary to the parent company.



## 8 Creditors - continued

Unsecured loan notes comprise:

- (a) US dollar loans to an overseas Subsidiary including \$0.8 million repayable by 1991 in annual instalments with interest at 15.75% and \$25.0 million repayable by 1997 in annual instalments of \$4.0 million beginning in 1992 with a balloon payment of \$5.0 million in 1997 with interest at 8.45%.
- (b) £3.9 million Loan Notes, issued by the parent company, bearing interest at National Westminster Bank PLC Base Rate, repayable by 1992.
- (c) £4.1 million Loan Notes, issued by a subsidiary company, interest free, repayable in stages by 1992.

The Company's wholly-owned subsidiary, J Sainsbury (Finance) B.V., has issued Yen 5,000 million Guaranteed Notes 1991 and has arranged for this borrowing to be converted into \$32 million through the assumption of an equivalent liability to a third party. This borrowing of \$32 million bears interest at 7.7%. The proceeds of this borrowing have been lent by the overseas Subsidiary to the parent company. All these borrowings and liabilities mature in November 1991.

J Sainsbury (Finance) B.V. has in issue \$200 million 9% Guaranteed Notes 1991 and, by the assumption of equivalent liabilities to third parties, has arranged to convert this into a liability of £58.6 million and \$100 million, both bearing interest rates at a margin below the relevant LIBOR rate. All these borrowings and liabilities mature in October 1991.

During the year the Company issued \$150 million 9% Notes 1996, to refinance existing borrowings and support further expansion of the Group.

The loans to Homebase Limited are unsecured loans for terms of 5 years and bear interest at 1% above base rate.

## 9 Term Loans

|                                                        | Group        |              | Company      |              |
|--------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                        | 1990<br>£m   | 1989<br>£m   | 1990<br>£m   | 1989<br>£m   |
| Due after one and within two years:                    |              |              |              |              |
| Bank and Other Loans                                   | 148.2        | 50.7         | 142.4        | 26.1         |
| Leases                                                 | 0.4          | 0.3          | —            | —            |
| Due after two and within five years:                   |              |              |              |              |
| Bank and Other Loans                                   | 128.6        | 277.9        | 120.1        | 249.9        |
| Leases                                                 | 1.7          | 1.2          | —            | —            |
| Due wholly or in part by instalments after five years: |              |              |              |              |
| Bank and Other Loans                                   | 11.4         | 13.7         | —            | —            |
| Leases                                                 | 39.1         | 22.5         | —            | —            |
| Due otherwise than by instalments after five years:    |              |              |              |              |
| Bank and Other Loans                                   | 95.2         | 2.9          | 230.5        | 2.9          |
| Other Creditors                                        | 7.2          | 7.9          | —            | —            |
|                                                        | <u>431.8</u> | <u>377.1</u> | <u>493.0</u> | <u>278.9</u> |

## 10 Deferred Tax

The potential liabilities for deferred tax and the amount provided in respect of each are as follows:

|                                                                                           | Group        |                 |              |                 | Company     |                 |             |                 |
|-------------------------------------------------------------------------------------------|--------------|-----------------|--------------|-----------------|-------------|-----------------|-------------|-----------------|
|                                                                                           | 1990         |                 | 1989         |                 | 1990        |                 | 1989        |                 |
|                                                                                           | Total<br>£m  | Provision<br>£m | Total<br>£m  | Provision<br>£m | Total<br>£m | Provision<br>£m | Total<br>£m | Provision<br>£m |
| Timing differences between depreciation and capital allowances                            | 103.3        | —               | 103.9        | —               | 95.3        | —               | 83.7        | —               |
| Other timing differences including payments for consortium group relief under indemnities | 3.9          | 3.9             | 2.1          | 2.1             | (2.0)       | (2.0)           | (2.0)       | (2.0)           |
|                                                                                           | <u>107.2</u> | <u>3.9</u>      | <u>106.0</u> | <u>2.1</u>      | <u>93.3</u> | <u>(2.0)</u>    | <u>81.7</u> | <u>(2.0)</u>    |



## 11 Minority Interests

|                                                                     | 1990         | 1989       |
|---------------------------------------------------------------------|--------------|------------|
|                                                                     | £m           | £m         |
| Convertible Capital Bond of J Sainsbury (Capital) Limited . . . . . | 150.0        | —          |
| Other . . . . .                                                     | 11.3         | 7.3        |
|                                                                     | <u>161.3</u> | <u>7.3</u> |

J Sainsbury (Capital) Limited, a wholly-owned subsidiary company, issued on 19th April 1989 30,000 5% Convertible Capital Bonds 2004 of £5 at a price of £5,000 each. These Bonds are guaranteed on a subordinated basis by the Company and are convertible into 2½% Exchangeable Redeemable Preference Shares of the Subsidiary and may either be redeemed or exchanged for ordinary shares in J Sainsbury plc.

The Bonds will be convertible and redeemable at the Bondholders' option on 19th April 1994 and 19th April 1999. The redemption value will be their paid-up value of £5,000 together with supplemental interest to the coupon rate of 5% calculated to ensure a yield to holders of 10.26% per annum at that date.

The subsidiary company is entitled to require conversion and redemption at a premium of 5% of the paid-up value from issue declining by 1% per annum to nil at 19th April 1994 provided that the average ordinary share price of J Sainsbury plc is equal to 262 pence multiplied by 133.28% plus the accrued interest. From 19th April 1994 to maturity the conversion and redemption is determined by accruing supplemental interest on a time basis with a premium of 15% added, except on the due date. The Subsidiary also has certain rights to enhance the prospective yield to holders of the Bonds which, if exercised, may modify the terms on which the Bonds are convertible and redeemable.

## 12 Called Up Share Capital

|                                                                  | No. Allotted<br>Fully paid<br>shares | Aggregate<br>Nominal<br>Value<br>£m | Consideration<br>£ |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------|
| Ordinary Shares of 25p each<br>Authorised – 1,700,000,000 shares |                                      | <u>425.0</u>                        |                    |
| At 18th March 1989 . . . . .                                     | 1,502,280,283                        | 375.6                               |                    |
| Shares allotted:                                                 |                                      |                                     |                    |
| Savings-Related Share Option Schemes . . . . .                   | 4,570,649                            | 1.1                                 | 5,871,261          |
| Executive Share Option Schemes . . . . .                         | 3,071,304                            | 0.7                                 | 5,163,024          |
| Profit Sharing Scheme . . . . .                                  | 4,634,075                            | 1.2                                 | 11,168,121         |
| At 17th March 1990 . . . . .                                     | <u>1,514,556,311</u>                 | <u>378.6</u>                        | <u>22,202,406</u>  |

Contingent rights to the allotment of 57,240,000 Ordinary Shares in the Company at 262p exist until 19th April 2004 under the terms of the issue of £150,000,000 5% Convertible Capital Bonds 2004 by a subsidiary company (see Note 11).

Contingent rights also exist at future dates under the Company's Savings-Related Share Option and Executive Share Option Schemes and under similar schemes for Savacentre. It is also intended to allot Ordinary Shares in the Company under the terms of the Company's Profit Sharing Scheme. Under the Savings-Related Schemes options are normally exercisable within six months of the fifth anniversary of the grant of an option and under the Executive Share Schemes between 3 and 10 years from the date of the grant of an option. Under the terms of the Company's Profit Sharing Scheme qualifying employees can elect to have shares allocated to them at market value in respect of their participation in the Scheme for the relevant financial year and such shares will be allotted within one month of the Annual General Meeting.

Details of these options at 17th March 1990 were as follows:

### (a) Savings-Related Share Options

| Date of Grant                | Price  | Options outstanding at<br>the end of the year |                   |
|------------------------------|--------|-----------------------------------------------|-------------------|
|                              |        | 1990                                          | 1989              |
| 28th October 1983 . . . . .  | 96.75p | 1,068                                         | 405,840           |
| 7th December 1984 . . . . .  | 128p   | 1,285,114                                     | 5,245,428         |
| 9th December 1985 . . . . .  | 163p   | 3,721,984                                     | 4,144,592         |
| 10th November 1986 . . . . . | 184p   | 3,675,350                                     | 4,160,048         |
| 9th November 1987 . . . . .  | 248p   | 3,157,109                                     | 3,583,482         |
| 14th November 1988 . . . . . | 179p   | 4,414,831                                     | 4,797,001         |
| 9th January 1990 . . . . .   | 208p   | 7,314,698                                     | —                 |
|                              |        | <u>23,570,154</u>                             | <u>22,336,391</u> |



## 12 Called Up Share Capital – continued

### (b) Executive Share Options

| Date of Grant       | Price  | Options outstanding at the end of the year |                   |
|---------------------|--------|--------------------------------------------|-------------------|
|                     |        | 1990                                       | 1989              |
| 13th January 1983   | 97.5p  | —                                          | 228,796           |
| 18th July 1983      | 92p    | —                                          | 5,008             |
| 16th January 1984   | 119p   | 287,540                                    | 645,364           |
| 28th January 1985   | 158p   | 684,494                                    | 1,561,754         |
| 16th September 1985 | 169p   | 42,048                                     | 160,282           |
| 14th July 1986      | 196p   | 3,189,408                                  | 4,665,634         |
| 9th March 1987      | 241.5p | 132,286                                    | 143,000           |
| 13th July 1987      | 285p   | 3,345,988                                  | 3,375,651         |
| 9th February 1988   | 220p   | 4,518,964                                  | 4,576,336         |
| 31st July 1989      | 276p   | 5,258,618                                  | —                 |
|                     |        | <u>17,459,346</u>                          | <u>15,361,825</u> |

Figures for all prices and options outstanding are adjusted for capitalisation issues in July 1984 and July 1987.

### 13 Share Premium Account

|                                            | Company<br>£m |
|--------------------------------------------|---------------|
| Balance 18th March 1989                    | 179.1         |
| Premium on shares allotted during the year | 19.1          |
| Expenses of capital issues                 | (4.4)         |
| Balance 17th March 1990                    | <u>193.8</u>  |

### 14 Revaluation Reserve

|                                                                                                | Group<br>£m | Associates<br>£m | Company<br>£m |
|------------------------------------------------------------------------------------------------|-------------|------------------|---------------|
| Balance 18th March 1989                                                                        | 24.9        | 0.1              | 24.8          |
| Transfer to Profit and Loss Account in respect of property disposals during the year (Note 15) | (4.5)       | —                | (4.5)         |
| Share of revaluation deficit                                                                   | (0.1)       | (0.1)            | —             |
| Balance 17th March 1990                                                                        | <u>20.3</u> | <u>—</u>         | <u>20.3</u>   |

### 15 Profit and Loss Account

|                                                                                       | Group<br>£m  | Subsidiaries<br>£m | Associates<br>£m | Company<br>£m |
|---------------------------------------------------------------------------------------|--------------|--------------------|------------------|---------------|
| Balance 18th March 1989                                                               | 588.0        | 27.4               | 23.2             | 537.4         |
| Profit retained for the year                                                          | 221.3        | 21.7               | (5.3)            | 204.9         |
| Transfer from Revaluation Reserve (Note 14)                                           | 4.5          | —                  | —                | 4.5           |
| Currency Movements                                                                    | (1.0)        | 5.5                | —                | (6.5)         |
| Haverhill Meat Products Limited acquisition:<br>Share of revenue reserves transferred | —            | 10.4               | (10.4)           | —             |
| Balance at 17th March 1990                                                            | <u>812.8</u> | <u>65.0</u>        | <u>7.5</u>       | <u>740.3</u>  |

No provision has been made for additional taxation which would arise if profits of overseas Subsidiaries were distributed. The profit for the financial year dealt with in the accounts of J Sainsbury plc amounted to £297.3 million (1989: £219.9 million).



## 16 Group Sales and Operating Profit

|                                                                                                          | 1990           | Group | 1989           |
|----------------------------------------------------------------------------------------------------------|----------------|-------|----------------|
|                                                                                                          | £m             |       | £m             |
| Group sales, inclusive of VAT and sales taxes, arose from retailing in the following geographic markets: |                |       |                |
| United Kingdom                                                                                           | 6,211.2        |       | 5,083.9        |
| United States                                                                                            | 1,045.8        |       | 831.2          |
|                                                                                                          | <u>7,257.0</u> |       | <u>5,915.1</u> |
| Operating Profit comprises:                                                                              |                |       |                |
| United Kingdom                                                                                           | 437.2          |       | 350.4          |
| United States                                                                                            | 33.5           |       | 22.5           |
|                                                                                                          | <u>470.7</u>   |       | <u>372.9</u>   |
| Net margin on tax inclusive sales:                                                                       |                |       |                |
| United Kingdom                                                                                           | 7.04%          |       | 6.89%          |
| United States                                                                                            | 3.20%          |       | 2.71%          |
|                                                                                                          | <u>6.49%</u>   |       | <u>6.30%</u>   |

## 17 Net Interest Payable

|                                                                     | 1990         | Group | 1989        |
|---------------------------------------------------------------------|--------------|-------|-------------|
|                                                                     | £m           |       | £m          |
| Interest receivable                                                 | 77.7         |       | 44.3        |
| Interest payable:                                                   |              |       |             |
| Bank and Other Interest on loans wholly repayable within five years | 134.2        |       | 81.3        |
| Interest on loans payable by instalments within five years          | 1.8          |       | 1.2         |
| On loans not wholly repayable within five years                     |              |       |             |
| 9% Notes                                                            | 3.9          |       | —           |
| Debenture Interest                                                  | —            |       | 0.1         |
| Loan Stock Interest                                                 | 0.2          |       | 0.2         |
| Other Loans payable by instalments                                  | 1.3          |       | 1.7         |
| Finance Leases                                                      | 3.9          |       | 2.3         |
| Convertible Capital Bonds                                           | 6.8          |       | —           |
|                                                                     | <u>152.1</u> |       | <u>86.8</u> |
| Interest Capitalised                                                | 56.6         |       | 33.0        |
|                                                                     | <u>95.5</u>  |       | <u>53.8</u> |
|                                                                     | <u>17.8</u>  |       | <u>9.5</u>  |

## 18 Profit Sharing

The amount due to UK employees under the Profit Sharing Scheme is calculated on the UK operating profits less UK interest but excluding the other operating income. In order that employees can more readily identify profit sharing, the profit and loss account has been amended from the format of the Companies Act 1985.

The figure on which the profit sharing fund is based is £425.8 million and funds have been provided as follows:

|                                            |             |
|--------------------------------------------|-------------|
| Profit fund                                | 31.3        |
| Transitional payment                       | 0.9         |
| Provision for Employers National Insurance | 1.6         |
|                                            | <u>33.8</u> |



**19 Other Operating Income (net)**

|                                                             | <b>Group</b> |      |
|-------------------------------------------------------------|--------------|------|
|                                                             | <b>1990</b>  | 1989 |
|                                                             | <b>£m</b>    | £m   |
| Surplus on sale and leaseback of properties                 | <b>33.9</b>  | 22.8 |
| Provision for disposal of properties and other fixed assets | <b>3.2</b>   | —    |
|                                                             | <b>30.7</b>  | 22.8 |

In 1989 £6.8 million of the surplus on sale and leaseback of properties arose from a disposal to an Associate.

**20 Profit on Ordinary Activities before Tax**

|                                               | <b>Group</b> |      |
|-----------------------------------------------|--------------|------|
|                                               | <b>1990</b>  | 1989 |
|                                               | <b>£m</b>    | £m   |
| This has been arrived at after charging:      |              |      |
| Depreciation — owned assets                   | <b>102.5</b> | 78.4 |
| — finance leases                              | <b>0.9</b>   | 1.2  |
| Pension Costs                                 | <b>32.7</b>  | 26.1 |
| Directors' Emoluments (Fees nil—Note 22)      | <b>2.3</b>   | 2.0  |
| Auditors' Remuneration (Company £185,000)     | <b>0.4</b>   | 0.3  |
| Pensions to former Directors                  | <b>0.1</b>   | 0.1  |
| Operating Lease Rentals — plant and equipment | <b>1.7</b>   | 1.0  |
| — other                                       | <b>60.8</b>  | 39.1 |

**21 Employees**

|                                                                        | <b>Group</b> |       |
|------------------------------------------------------------------------|--------------|-------|
|                                                                        | <b>1990</b>  | 1989  |
|                                                                        | <b>£m</b>    | £m    |
| Employees' remuneration and related costs during the year amounted to: |              |       |
| Wages and Salaries                                                     | <b>641.2</b> | 518.0 |
| Social security costs                                                  | <b>43.7</b>  | 35.3  |
| Other pension costs                                                    | <b>32.7</b>  | 26.1  |
|                                                                        | <b>717.6</b> | 579.4 |
| Employees' Profit Sharing Scheme                                       | <b>33.8</b>  | 26.7  |
|                                                                        | <b>751.4</b> | 606.1 |

The weekly average number of employees during the year was:

|                      | <b>1990</b>    | 1989   |
|----------------------|----------------|--------|
| Full-time            | <b>38,089</b>  | 34,245 |
| Part-time            | <b>61,912</b>  | 54,038 |
|                      | <b>100,001</b> | 88,283 |
| Full-time equivalent | <b>65,309</b>  | 59,678 |

The number of UK employees whose remuneration exceeded £30,000 was as follows:

|                 | <b>1990</b> | 1989 |                 | <b>1990</b> | 1989 |
|-----------------|-------------|------|-----------------|-------------|------|
| £30,001—£35,000 | <b>210</b>  | 116  | £65,001—£70,000 | <b>10</b>   | 8    |
| £35,001—£40,000 | <b>141</b>  | 62   | £70,001—£75,000 | <b>3</b>    | 5    |
| £40,001—£45,000 | <b>54</b>   | 25   | £75,001—£80,000 | <b>6</b>    | 1    |
| £45,001—£50,000 | <b>34</b>   | 9    | £80,001—£85,000 | <b>5</b>    | 1    |
| £50,001—£55,000 | <b>7</b>    | 4    | £85,001—£90,000 | <b>2</b>    | 1    |
| £55,001—£60,000 | <b>7</b>    | 6    | £90,001—£95,000 | <b>1</b>    | —    |
| £60,001—£65,000 | <b>4</b>    | 6    |                 |             |      |



**22 Directors' Remuneration**

|                                                                 |      |      | 1990                        | 1989  |
|-----------------------------------------------------------------|------|------|-----------------------------|-------|
|                                                                 |      |      | £'000                       | £'000 |
| Chairman . . . . .                                              |      |      | 175                         | 158   |
| Highest paid Director . . . . .                                 |      |      | 220                         | 180   |
| Remuneration of all Directors fell within the following ranges: |      |      |                             |       |
|                                                                 | 1990 | 1989 | 1990                        | 1989  |
| £ 5,001—£ 10,000 . . . . .                                      | —    | 2    | £125,001—£130,000 . . . . . | 1     |
| £ 10,001—£ 15,000 . . . . .                                     | 1    | —    | £130,001—£135,000 . . . . . | 1     |
| £ 15,001—£ 20,000 . . . . .                                     | 2    | 2    | £135,001—£140,000 . . . . . | —     |
| £ 55,001—£ 60,000 . . . . .                                     | 1    | —    | £140,001—£145,000 . . . . . | 2     |
| £ 80,001—£ 85,000 . . . . .                                     | —    | 1    | £155,001—£160,000 . . . . . | —     |
| £ 90,001—£ 95,000 . . . . .                                     | —    | 1    | £160,001—£165,000 . . . . . | 2     |
| £ 95,001—£100,000 . . . . .                                     | —    | 1    | £165,001—£170,000 . . . . . | 1     |
| £100,001—£105,000 . . . . .                                     | 1    | —    | £175,001—£180,000 . . . . . | 1     |
| £105,001—£110,000 . . . . .                                     | —    | 1    | £185,001—£190,000 . . . . . | 1     |
| £115,001—£120,000 . . . . .                                     | 3    | —    | £220,001—£225,000 . . . . . | 1     |
| £120,001—£125,000 . . . . .                                     | —    | 1    |                             | —     |

**23 Tax on Profit on Ordinary Activities**

|                                    | Group        |              |
|------------------------------------|--------------|--------------|
|                                    | 1990         | 1989         |
|                                    | £m           | £m           |
| The tax charge for the year is:    |              |              |
| Corporation tax at 35% . . . . .   | 128.4        | 115.0        |
| Deferred tax release . . . . .     | —            | (1.6)        |
| Overseas tax . . . . .             | 11.3         | 6.6          |
| Share of Associates' tax . . . . . | 0.8          | 5.1          |
|                                    | <u>140.5</u> | <u>125.1</u> |

After deducting tax relief of £19.5 million on interest capitalised the net amount of corporation tax of £108.9 million is payable in December 1990.

The Company is not a Close Company under the terms of the Income and Corporation Taxes Act 1988.

**24 Extraordinary Items**

|                                                                                               | Group    |            |
|-----------------------------------------------------------------------------------------------|----------|------------|
|                                                                                               | 1990     | 1989       |
|                                                                                               | £m       | £m         |
| Share of profit on sale of a property by an Associate . . . . .                               | —        | 9.0        |
| Production department closure costs<br>(after deducting tax relief of £2.7 million) . . . . . | —        | 7.4        |
|                                                                                               | <u>—</u> | <u>1.6</u> |

**25 Dividends**

|                          | Company     |             |
|--------------------------|-------------|-------------|
|                          | 1990        | 1989        |
|                          | £m          | £m          |
| Interim . . . . .        | 26.5        | 22.6        |
| Proposed final . . . . . | 65.9        | 53.3        |
|                          | <u>92.4</u> | <u>75.9</u> |

The interim dividend of 1.75p per share, paid on 12th January 1990, together with the related tax credit, is equal to 2.33p and the proposed final dividend of 4.35p per share, together with the related tax credit, is equal to 5.80p.

**26 Future Capital Expenditure**

|                                                                           | Group |       |
|---------------------------------------------------------------------------|-------|-------|
|                                                                           | 1990  | 1989  |
|                                                                           | £m    | £m    |
| Contracted for but not provided for in the accounts . . . . .             | 272.7 | 260.4 |
| Authorised but not contracted for to date by Board of Directors . . . . . | 570.5 | 439.5 |



## 27 Contingent Liabilities and Financial Commitments

The Group has guaranteed facilities for Associates to the extent of £4.0 million (1989: £4.5 million) at the date of approval of these Accounts. Other contingent liabilities amounted to £2.0 million (1989: £0.9 million) at that date. No provision has been made for supplemental interest, if any, which might be payable in certain circumstances under the terms of redemption of the 5% Convertible Capital Bonds 2004 issued by a Subsidiary (see Note 11). The maximum supplemental interest for the period to 17th March 1990 is £7.9 million.

The Company has guaranteed the £150 million Convertible Capital Bonds 2004 and its related interest liabilities of J Sainsbury (Capital) Limited; the Yen 5,000 million 5% Guaranteed Notes 1991, the \$200 million 9% Guaranteed Notes 1991, the \$4 million Term Bank Loan 1991 and related interest liabilities of J Sainsbury (Finance) B.V.; the £4.1 million Unsecured Loan Notes 1990-1992 of a Subsidiary; and bank overdrafts of Subsidiaries to the extent of £2.9 million (1989: £9.1 million).

The Group is committed to make operating lease payments during the next financial year as follows:

|                                                | £m   |
|------------------------------------------------|------|
| Land and Buildings                             |      |
| Leases which expire within the year . . . . .  | 0.2  |
| Leases which expire within 2-5 years . . . . . | 0.2  |
| Leases which expire after 5 years . . . . .    | 73.1 |
| Other Leases                                   |      |
| Leases which expire within 2-5 years . . . . . | 4.9  |
| Leases which expire after 5 years . . . . .    | 0.1  |

## 28 Pension Commitments

The Group operates a defined benefit pension scheme in the UK, the assets of which are held in a separate trustee administered fund.

Of the total pension costs of the Group £28.7 million (1989: £23.3 million) relates to the UK scheme, the cost of which is assessed on the advice of qualified actuaries using the entry age method. The latest actuarial assessment of the scheme was at 19th March 1988.

The significant actuarial assumptions used in the assessment were that future investment return would be 10% per annum, future salary and wage increases would average 7% per annum and future pensions would increase at 5% per annum.

At the date of the latest actuarial assessment the market value of the assets of the UK scheme was £540 million and the actuarial value of the assets was sufficient to cover 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The surplus is being amortised over the expected working lifetime of the existing members.

The Group also operates a defined benefit pension scheme and a defined contribution pension scheme in the USA. The pension cost relating to the USA defined benefit scheme has been determined in accordance with the advice of independent actuaries.

## AUDITORS' REPORT

### To the Members of J Sainsbury plc

We have audited the Financial Statements on pages 28 to 42 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group at 17th March 1990 and of the profit and source and application of funds of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**Clark Whitehill**  
Chartered Accountants  
London

14th May 1990



## FINANCIAL CALENDAR

### 1 Dividend and Interest Payments

|                                                      |                   |                              |                         |
|------------------------------------------------------|-------------------|------------------------------|-------------------------|
| Ordinary Dividend . . . . .                          | Interim . . . . . | announced November . . . . . | paid January . . . . .  |
|                                                      | Final . . . . .   | proposed May . . . . .       | paid July . . . . .     |
| 7¼% First Mortgage Debenture Stock 1987/92 . . . . . |                   | 7th March . . . . .          | 7th September . . . . . |
| 6½% First Mortgage Debenture Stock 1988/93 . . . . . |                   | 31st May . . . . .           | 30th November . . . . . |
| 5%% Guaranteed Notes 1991 . . . . .                  |                   | 5th November . . . . .       |                         |
| 10%% Notes 1993 . . . . .                            |                   | 7th January . . . . .        |                         |
| 8% Irredeemable Unsecured Loan Stock . . . . .       |                   | 1st March . . . . .          | 1st September . . . . . |
| 9%% Guaranteed Notes 1991 . . . . .                  |                   | 4th October . . . . .        |                         |
| 5% Convertible Capital Bond 2004 . . . . .           |                   | 19th April . . . . .         | 19th October . . . . .  |
| 9½% Notes 1996 . . . . .                             |                   | 2nd October . . . . .        |                         |

### 2 Other dates — Financial Year 1990/91

|                                 |                              |                                  |                         |
|---------------------------------|------------------------------|----------------------------------|-------------------------|
| Results for half-year . . . . . | announced November . . . . . | Results for year . . . . .       | announced May . . . . . |
| Report & Accounts . . . . .     | circulated in June . . . . . | Annual General Meeting . . . . . | July . . . . .          |

## SHAREHOLDERS' INTERESTS

17th March 1990

**Number of Shareholders: 64,702** (1989: 66,354)

| Shareholdings Range            | Shareholders % | Shares %      | Category of Shareholders              | Shareholders % | Shares %      |
|--------------------------------|----------------|---------------|---------------------------------------|----------------|---------------|
| 500 and under . . . . .        | 24.77          | 0.32          | Pension Funds . . . . .               | 0.14           | 6.65          |
| 501 to 1,000 . . . . .         | 20.42          | 0.72          | Insurance Companies . . . . .         | 0.65           | 7.03          |
| 1,001 to 10,000 . . . . .      | 50.31          | 5.92          | Investment Trusts . . . . .           | 0.16           | 0.28          |
| 10,001 to 100,000 . . . . .    | 3.61           | 3.97          | Banks and Nominee Companies . . . . . | 8.26           | 23.50         |
| 100,001 to 1,000,000 . . . . . | 0.64           | 9.00          | Other Corporate Bodies . . . . .      | 2.70           | 14.65         |
| and over 1,000,000 . . . . .   | 0.25           | 80.07         | Other Shareholders . . . . .          | 88.09          | 47.89         |
|                                | <u>100.00</u>  | <u>100.00</u> |                                       | <u>100.00</u>  | <u>100.00</u> |

At the year end the Trustees of the Profit Sharing Scheme held 19,443,449 shares (1989: 17,989,702) on behalf of 24,785 participants (1989: 24,187) in the Scheme. The Trustees' holding is included in 'Other Shareholders' above.

### Capital Gains Tax

For the purposes of United Kingdom Capital Gains Tax the market values of the Company's ordinary shares were:

| Date            | Value   | Date           | Value  |
|-----------------|---------|----------------|--------|
| 31st March 1982 | 69.375p | 16th July 1984 | 123.0p |
| 5th July 1982   | 80.0p   | 3rd July 1987  | 292.0p |



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY given that the Annual General Meeting of J Sainsbury plc will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday, 11th July 1990 at 12 noon for the following purposes:**

- 1 To receive and adopt the Report of the Directors and the Financial Statements for the 52 weeks to 17th March 1990 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint Mr. C. I. Harvey a Director.
- 4 To re-appoint Mr. D. B. Adriano a Director.
- 5 To appoint Mr. R. P. Whitbread a Director.
- 6 To re-appoint the Rt. Hon. Lord Prior PC a Director.
- 7 To re-appoint Clark Whitehill as Auditors and to authorise the Directors to fix their remuneration.

As Special Business to consider, and if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

- 8 That:
  - (a) subject to the variation contained in paragraph (b) of this Resolution, the power conferred on the Directors by paragraph (C) of Article 9 of the Articles of Association of the Company (being the power to allot equity securities pursuant to the authority contained in paragraph (A) of Article 9 as if the statutory pre-emption rights did not apply to such allotment) be and it is hereby renewed for a period ending 15 months from the date of this Resolution or, if earlier, on the date of the next Annual General Meeting of the Company; and
  - (b) the maximum aggregate nominal amount of equity securities which may be so allotted on or after the date of the passing of this Resolution otherwise than pursuant to sub-paragraphs (i) and (ii) of paragraph (C) of Article 9 of the Articles of Association of the Company (being the provisions for allotments in connection with a rights issue or an option, incentive or profit sharing scheme) be £19,000,000 (being approximately 5% of the issued share capital of the Company).

By Order of the Board

**N. F. Matthews**

Secretary

12th June 1990

## Notes

- 1 A member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.
- 2 Although this Annual Report is sent to debenture and loan stock holders and to beneficial owners of shares under the Share Trusts of the Group's employee profit sharing schemes, only holders of ordinary shares or their proxies are entitled to attend and vote at this Meeting.
- 3 There will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturday excepted) from the date of this Notice until the date of the Meeting and at the place of the Meeting for fifteen minutes prior to and during the Meeting:
  - (i) The Register of Directors' Interests kept by the Company under Section 325 of the Companies Act 1985;
  - (ii) Copies of all service contracts for periods in excess of one year between the Directors and the Company.

**The Directors will be pleased to meet shareholders for coffee from 11.15am.**



## STORE OPENINGS

### Openings 1989/90

#### Sainsbury's

Dewsbury  
Leamington  
Redditch  
Peterborough  
Denton, Greater Manchester  
Chesterfield  
Dudley  
Middlesbrough  
Great Yarmouth  
Harringay, London  
Norwich (Pound Lane)  
Norwich (Queen's Road)  
Rugby  
Coventry (Court House Green)  
Streatham, London  
Sunderland  
Bolton  
Cobham  
Edgware, London  
Romford  
Whitley Bay  
Telford

#### Homebase

Plymouth  
Norwich  
Blackpool  
Maidstone  
Great Yarmouth  
Chichester  
Milton Keynes

#### Savacentre

London Colney

#### Shaw's

Milford, New Hampshire  
Medfield, Massachusetts  
South Lawrence, Massachusetts  
East Providence, Rhode Island  
North Fall River, Massachusetts  
Smithfield, Rhode Island  
Sanford, Maine  
Waterville, Maine

### Projected Openings 1990/91

#### Sainsbury's

Salford  
Durham  
Northwich  
St. Clare's, Hampton  
Chippenham  
Tunbridge Wells  
Christchurch  
Haverhill  
Bury Park, Luton  
Swindon  
Ellesmere Port, Liverpool  
Wellingborough  
Poole  
Thanet  
Solihull  
Winchmore Hill, London  
Cannock  
Chaddesden, Derby  
Middleton, Manchester

#### Homebase

Basildon  
Mill Hill, London  
Orpington  
Harlow  
Camberley  
Guildford  
Middleton, Manchester  
Swindon  
Chelmsford

#### Savacentre

Sheffield

#### Shaw's

Salem, Massachusetts  
Brockton West, Massachusetts  
Hudson, Massachusetts  
Tewksbury, Massachusetts  
Leominster, Massachusetts  
Plaistow, New Hampshire





