



J SAINSBURY

1991

J SAINSBURY plc ANNUAL REPORT & ACCOUNTS

## 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.

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## FINANCIAL HIGHLIGHTS

£ million	1991 52 weeks to 16th March	1990 52 weeks to 17th March	%
			Increase
<b>Group Sales</b> . . . . .	<b>8,200.5</b>	<b>7,257.0</b>	<b>13.0</b>
UK Sales . . . . .	7,231.7	6,211.2	16.4
UK Operating Profit . . . . .	554.8 7.67%	437.2 7.04%	26.9
US Sales . . . . .	968.8	1,045.8	(7.4)
US Operating Profit . . . . .	30.2 3.12%	33.5 3.20%	(9.9)
Interest Payable . . . . .	(35.6)	(17.8)	
Associates . . . . .	0.3	1.6	
UK Profit Sharing . . . . .	(44.0)	(33.8)	
<b>Group Profit (before Property Profits)</b> . . . . .	<b>505.7</b>	<b>420.7</b>	<b>20.2</b>
Property Profits . . . . .	12.5	30.7	
<b>Group Profit before Tax</b> . . . . .	<b>518.2</b>	<b>451.4</b>	<b>14.8</b>
<b>Fully Diluted Earnings per Share (excluding Property Profits)</b> . . . . .	<b>21.98p</b>	<b>18.36p</b>	<b>19.7</b>
<b>Dividend per Share – net for year</b> . . . . .	<b>7.35p</b>	<b>6.10p</b>	<b>20.5</b>





Accolades accorded to Sainsbury's during the year included environmental awards for landscaping, development and energy efficiency; and the "Supermarket Wine Merchant of the Year" award, together with a special citation for promoting the knowledge of wine.



## CHAIRMAN'S STATEMENT

Since the first Sainsbury's store opened over 120 years ago our success has been due more than anything else to our dedication to quality in all we do. Once more this priority for quality has resulted in outstanding performance in all areas of our activities and excellent financial results.

Group profit (before property profits) increased by 20.2% to exceed £500 million for the first time and has more than doubled in the last four years. Group sales grew to £8.2 billion and continue to exceed the sales of any other British retailer.

It is now the twelfth successive year that dividend per share has increased by 20% or more; a record without equal amongst large British companies.

### SUPERMARKET AND HYPERMARKET PERFORMANCE

Our continuing success in meeting our customers' needs is evidenced by growth of 26% in supermarket operating profit to £516 million, an increase of £107 million on last year. We fully maintained our competitive price position whilst supermarket operating margin reached a record level of 7.9% (1990: 7.25%).

We lead in the application of technology to the service of our customers. Over 99% of sales now pass through scanning checkouts and we believe our stock control systems are the most effective in the industry. We continue to invest heavily in the development of new systems.

### NEW AND BETTER SUPERMARKETS

During the year we opened 20 supermarkets with an average sales area of 33,500 square feet and shortly after the year end we opened our 300th supermarket at West Green, Crawley. Over 60% of sales area is now in stores with more than 25,000 square feet of sales area as compared with 30% five years ago.

These larger, more modern stores not only enable us to serve our customers more effectively by providing a wider range of products, more

Chairman  
Lord Sainsbury, who  
completed 40 years'  
service with the  
Company in 1990,  
talking with Len Such,  
from Basingstoke Depot,  
also celebrating  
40 years' service.



service departments and improved parking, but are also more efficient and have a higher net margin than the average for the Company. Our large stores achieve higher sales per square foot than the Company average which is itself approximately twice that of the industry. The stores also benefit from greater labour and energy efficiency.

We continue to extend our trading area and this year will open our first supermarket in Scotland and our first in North Wales. Our development plans currently show a requirement for over 160 new and replacement store locations. We are maintaining a policy of steady expansion with the long term objective of increasing sales area by an average of 8% per annum.

#### **QUALITY PRODUCTS AND SUPPLIERS**

The Company has a long and highly successful tradition in retailing own brand products and this continues to be a key element in our trading success. There are currently over 7,000 product lines marketed under the Sainsbury's label and these comprise two thirds of our sales. The range has a reputation for quality and value for money that makes it one of the leading brands in the country and it is constantly being extended and renewed. Last year over 1,300 new own label products were introduced and a review of some of these developments is shown on pages 8 to 11.

We continue to benefit from close collaboration with our suppliers in the development of new products and improving supply logistics. I would like to express our sincere appreciation for their enthusiastic co-operation.

#### **SUBSIDIARIES: SUCCESSFUL DEVELOPMENT**

Savacentre had a most successful year despite the recession in clothing and other non-foods. Sales increased by 31% to £478 million and operating profit grew by 34% to £23 million. The new Sheffield Savacentre opened successfully and Calcot Savacentre near Reading has been extended and refurbished. These developments, together with previous new stores at



Merton and London Colney, have increased Savacentre's sales area by 85% in the last three years.

Homebase was subject to adverse market conditions in DIY retailing, but achieved considerable success increasing operating profit by 21% to £13 million on sales up 12% to £225 million. This improvement demonstrates the efficiency of Homebase's operations and the good value provided by its offer. Eight new stores were opened during the year and two stores were closed bringing the total number to 61 at the year end.

Shaw's performed well in the depressed New England market. Sales increased by 6.5% on an annualised basis to \$1,770 million and operating profit increased marginally to \$55 million.

Shaw's opened six new stores during the year and is investing considerable resources in developing its operations. There is outstanding potential for innovation and profitable expansion, including the introduction of new systems and an own label range.

#### CAPITAL INVESTMENT AND FUNDING

Group capital expenditure totalled £780 million, an increase of 13% on last year.

Internal cash generation has continued to finance most of Group capital expenditure supplemented by sale and leaseback and borrowing. A sale and leaseback transaction was concluded in March with British Land realising proceeds of £135 million and confirming growing investor interest in high quality supermarket locations.

Sainsbury's first convertible capital bond issue in 1989 pioneered the creation of this new financial instrument. During the year we undertook a second such issue raising £200 million on favourable terms. Following the year end we exercised our call option on our first convertible capital bond and as a result we expect that most of this issue will be converted into ordinary shares in the Company.



#### CARING FOR THE ENVIRONMENT AND THE COMMUNITY

The Group gives high priority to environmental concerns in all aspects of its operations including product development, packaging, distribution and store development. Further details are provided in the review section of this report. A particular initiative launched during the year was the "Penny-Back" scheme which encourages customers to re-use carrier bags. This is one of the most significant recycling initiatives in the country and it is estimated that this year it will save 70 million carrier bags, equivalent to at least 1,000 tons of plastic or over one million gallons of oil.

Company charitable donations totalled £1.3 million during the year and supported a wide range of activities. The Company is particularly active in sponsoring the Arts including the new Sainsbury's Awards for Arts Education and the nationally acclaimed Sainsbury's Choir of the Year competition.

#### SIR ROY GRIFFITHS

Sir Roy Griffiths will be retiring from the Board after the Annual General Meeting.

I paid tribute to Sir Roy's great contribution to the Company in 1988 when he relinquished his executive responsibilities. Since then we have continued to benefit from his wise counsel as non-executive Deputy Chairman. In wishing him a long and happy retirement I should like to thank him again for his outstanding contribution to our affairs over 23 years.

#### STAFF SHARING IN SUCCESS

The Group now employs over 110,000 staff of whom 95,000 are employed in the UK. Our successful expansion has resulted in an increase in UK staff of 6,000 and over 900 staff being promoted to their first management position. Training and development for employees at all levels in the Group remains a key priority.





The Profit Sharing Scheme enables staff to share in the success of the business and I am delighted that in the current year over 64,000 employees will participate in the Group's profit sharing distribution of £44 million. This is the equivalent of up to five weeks' pay in cash or shares. Since the creation of the Scheme 12 years ago over £200 million has been allocated to staff. Over 33% of UK employees are now shareholders; this provides great benefits to the Company in terms of motivation and commitment.

The achievements of the Group are a tribute to the dedication and professionalism of all our staff. I am delighted to express my appreciation to them all for their contribution to another successful year's performance. Their dedication to excellence ensures the continued pre-eminence of the Sainsbury brand and our lead in quality and value for our customers. That, together with the strength and quality of our development programme, will bring continuing success in the years ahead.

Sainsbury, Chairman



SAINSBURY'S This trolley is not allowed beyond the shop and the car park.

KEEPING SAINSBURY'S AHEAD  
A REWARDING SHOPPING EXPERIENCE

Sainsbury's has a long-established reputation as a leader in product innovation. Last year more than 1,300 new Sainsbury brand products were introduced: an increase of one third on the previous year. These, together with many new proprietary products, offer customers an increasingly wide choice at unrivalled value.

**QUALITY INNOVATIONS**

During the year Sainsbury's was the first retailer to introduce an own label bio yogurt made with a mild, new culture. New Sainsbury brand milk and plain chocolate have joined the confectionery



*Joint Managing Director Tom Vyner discusses the new BIO yogurt with a customer. Mild and smooth, its special qualities help to balance the diet.*

range; and bread, one of the nation's staple foods, was made more tempting by the introduction of traditional Italian, German and Russian loaves. The "Nature's Compliments" range was augmented by new toiletries made with herbs, plants and flowers.

**HEALTHY EATING AND  
READY MEALS**

Sainsbury's own label "Healthy Cuisine", a range of complete dishes easily prepared straight from the freezer, has been specially formulated to provide a healthy diet for busy people. In addition, the introduction of nearly 40 new dishes presented customers with an even wider choice of the finest fresh ready meals.

**BRITAIN'S LEADING BUTCHER**

As the country's largest retailer of fresh meat and poultry, Sainsbury's continues to structure its ranges to reflect changing consumer demand. Traditional Beef, Tenderlean Lamb and Tenderlean Pork, purchased from farms which are carefully selected for the conditions under which they rear their animals, are now well established. Fresh, free-range turkeys, bred specially for Sainsbury's, and larger, "family-size" chickens, meet the growing demand for poultry. With "Double Niners" the Company has seized a new opportunity to challenge the fast-food market, meeting with an immediately enthusiastic response.

**A FISHMONGER WITH IMAGINATION**

Fresh fish increases in popularity with volume sales up by over a quarter. The range available in Sainsbury's 78 wet fish departments reflects the imaginative sourcing of products from as far away as New Zealand.

*The extent and depth of Sainsbury brand products are unrivalled among UK food retailers: a selection from this year's new lines.*

Packaging technology maintains all Sainsbury's fish in the peak of condition. CAP (Controlled Atmosphere Packaging) provides customers with a greatly increased choice of fish throughout the Company's supermarkets.

#### BRITAIN'S BIGGEST GREENGROCER

More space is being devoted to Sainsbury's range of fruit, vegetables and salads: larger stores now stock as many as 370 lines during the course of the year. While new lines and sources are constantly being sought, the Company is equally proud of its record for seeking out traditional varieties, particularly of British apples and potatoes, and for working closely with growers to bring these back into commercial production. Nearly 100 stores offer cut flowers and a range of pot plants.

Besides stocking organically grown produce Sainsbury's encourages suppliers to reduce their use of chemicals and was the first UK retailer to trial and market potatoes stored without the use of post-harvest chemical treatment.

#### SUPERMARKET WINE MERCHANT OF THE YEAR

For the second year running, Sainsbury's was named "Supermarket Wine Merchant of the Year" and won the "Red Wine of the Year" award. Sainsbury's, said the judges, was genuinely doing more than anyone to introduce the British public to wine in general and to a broad range of interesting wine in particular.

#### STAYING AHEAD

Sainsbury's well-established lead in new product development has been sustained by the introduction of new, specially designed test kitchens and sampling rooms at Blackfriars. Here, buyers and home economists sample as many as 100,000 items a year, perfecting new products for introduction, testing existing lines to ensure a consistently high quality and constantly appraising them against others on the market.

This continual process of quality maintenance and innovation which sustains Sainsbury's position as the country's leading food retailer extends

to packaging and its design. It has long been Sainsbury's policy to avoid wasteful packaging, while ensuring that the product is fully protected, using the latest available technology. Nearly 3,000 new designs have ensured that products are presented both attractively and with relevance to their market, and carry clear information.

*Buyer Claire Gordon-Brown tastes wine from one of the 10,000 bottles sampled by Sainsbury's during the year. Existing wines were checked for quality and 40 new lines introduced.*

*Unusual fruit such as horned melons from Kenya, carambolas from Malaysia, and paw-paws from Brazil added an exotic flavour and wider choice to Sainsbury's produce displays.*

*The introduction of Sainsbury brand French soft-set conserves in four varieties - Strawberry, Raspberry, Apricot and Three Fruits - has brought new interest to a traditional British market.*





KEEPING SAINSBURY'S AHEAD  
HARNESSING TECHNOLOGY

Food safety and hygiene have been paramount in Sainsbury's offer since the Company's foundation. Its handling of perishable foods makes use of state-of-the-art refrigeration technology. The introduction of the Food Safety Act in January 1991 provided an opportunity to put the Company's standards to the test. A thorough review of the whole food chain confirmed that continued investment over the years, and adherence to strict standards, had maintained Sainsbury's lead in this important area.



*The technology developed for Switch and Delta debit card transactions allows customers to use "Cashback", the free cash withdrawal service. Its introduction will be completed by autumn 1991.*

Last year the Company carried out over 500 visits to overseas suppliers and some 2,300 in the UK to ensure that products are being manufactured and despatched in line with Sainsbury's stringent codes of practice.

By December 1991, 40,000 staff throughout the food chain will have undertaken a new food safety training programme developed in association with the Institute of Environmental Health Officers.

Throughout the supply chain, as well as in the stores, the latest technology is used to monitor and control the temperatures at which perishable products are kept. Sophisticated systems and tight operational disciplines ensure that food reaches the customer with minimum delay and in the freshest possible condition.

#### IN FRONT AT THE CHECKOUT

Increasing numbers of customers – up to a million a week – are finding debit cards, such as Switch and Delta, a convenient way to pay for their shopping. All the High Street banks now issue debit cards, and their use accounts for more than a quarter of Sainsbury's supermarket sales. More customers now pay by debit card than pay by cheque.

Sainsbury's has long been recognised as the leader in retail technology. Its commitment to, and substantial investment in, this aspect of the business led to the installation of computerised systems, both in store and at Head Office, increasing efficiency and productivity and giving direct benefits to customers. With its programme to install scanning systems now complete, the Company has embarked on the development of the next generation of computer systems. From 1992 this will allow the introduction of an advanced sales-driven ordering system.

Sainsbury's new "Red Band" system identifies highly perishable fresh foods to ensure that they are maintained in the peak of condition, from supplier to shelf.



Distribution by refrigerated vehicles keeps products at a controlled, constant temperature during their journey to the store.



Joint Managing Director David Quarumby inspects fresh chilled ready meals with Terry Wells, Manager of Sainsbury's, Winchmore Hill and Supermarket Assistant Gayle Carpenter.



A revolutionary infra-red "gun" measures the temperature of products stored in chilled display cabinets – the latest advance in food safety technology.





KEEPING SAINSBURY'S AHEAD  
STATE-OF-THE-ART STORES

Over half Sainsbury's supermarkets built in the past four years used derelict or run-down urban sites. The site for the Tunbridge Wells store included a disused railway station.

At Rugby, extensive landscaping, designed to ensure that the store will blend with its rural surroundings, has been planted in collaboration with Warwickshire Nature Conservation Trust.

Sainsbury's commitment to quality extends far beyond the supermarket shelf. The building and development programme is another expression of the Company's uncompromising standards and attention to detail. It encompasses all the elements necessary to create a pleasant shopping environment, with well-located sites, good design and construction, adequate car parking and attractive landscaping. Sainsbury's has long been a leader in restoring disused land to the community: in the last five years some 500 acres of waste or derelict land have been used in this way to develop the majority of new stores.

ENVIRONMENTAL  
HARMONY

New store designs incorporate decorative and artistic features based on local characteristics, architecture and building materials. Landscaping plays an increasingly important role.

Leading consultants are employed to advise on the most suitable plants for the location; indigenous species and varieties which support wildlife are used wherever possible. Last year Sainsbury's planted half a million trees, plants and shrubs, winning the Gordon Ford Trophy for the 1990 "Britain in Bloom" Award, the first time this award has been given to any company for its corporate policy of landscaping. Sainsbury's was also proud to win last year's "Business and Industry Commitment to the Environment Premier Award" for its Wolverhampton store, an achievement repeated this year with the Streatham Common store.

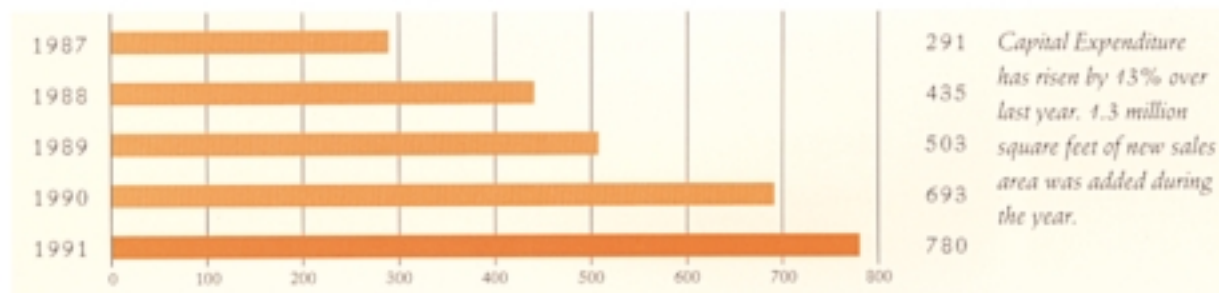
NEW STORE DEVELOPMENT

The last financial year saw the opening of 20 new Sainsbury's supermarkets. During the current year, the Company plans to open 21 new supermarkets, including what will be Sainsbury's largest to date – the 48,000 square feet



The Guildford town centre store, opened in 1962, has benefited from an extensive refurbishment, including a new frontage designed to blend with its Georgian surroundings.

GROUP  
CAPITAL  
EXPENDITURE  
£ Millions



store now under construction at Hedge End, Southampton, adjoining Junction 7 of the M27, a major joint venture with Marks & Spencer. Within the Company's portfolio are smaller stores of around 25,000 square feet which are designed to serve more limited catchment areas. Some 5,000 new jobs will be created through the store development programme during the current year.

*North Devon's first Sainsbury's supermarket, with a sales area of 32,000 square feet, will open at Barnstaple at the end of July 1991.*

In the past year, stores have been opened in both traditional and new trading areas. This trend will continue, with a new milestone being reached with the opening of Sainsbury's first supermarket in Scotland – the 40,000 square foot store at Darnley Mains, Glasgow. New ground will also be

broken at Wrexham with Sainsbury's first store in North Wales; and at Barnstaple, where the new supermarket will ensure that good food will soon cost less in North Devon as well.



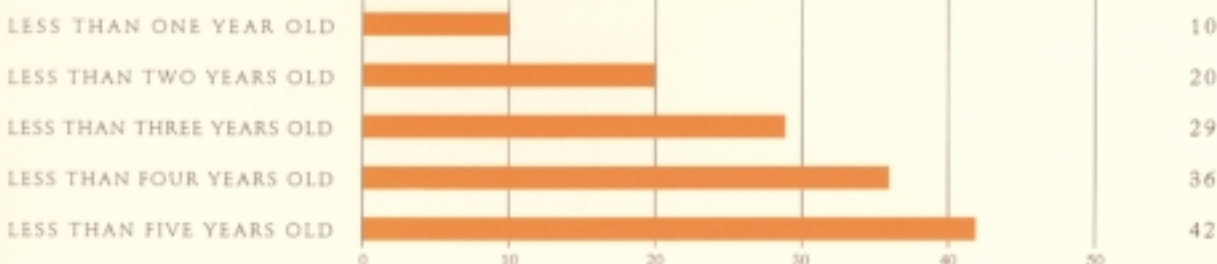
*Merchandising and product display are constantly being improved and updated. Shown here is the new bakery counter.*

#### REVITALISING EXISTING STORES

For some years Sainsbury's has had a structured programme to bring its older stores in line with customers' expectations for modern, attractive shopping facilities. In the past year, 50 stores have been enhanced or extended within a total programme of over £60 million, indicating the Company's continuing commitment to this approach.

#### AGE OF SAINSBURY'S SALES AREA

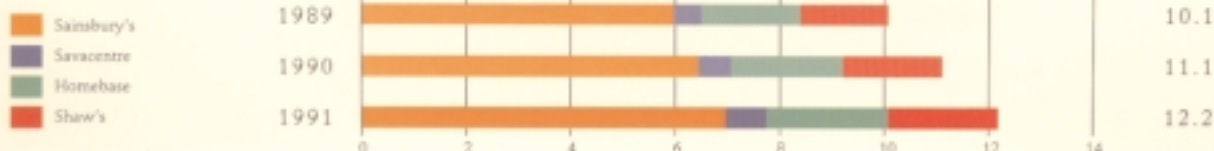
% of Total Sales Area



*As a result of sustained investment, more than 40% of UK supermarket sales area is less than five years old.*

#### GROUP SALES AREA

Million square feet



*Group sales area has increased by more than 75% in the last four years.*



KEEPING SAINSBURY'S AHEAD  
**DEVELOPING THE BEST PEOPLE**

The Group now employs 95,000 people in the UK. Sainsbury's continues to believe that investment in people, through staff training and development and through building links with educational establishments, is vital to the Company's future success.

**EMPHASISING TRAINING  
 AND EDUCATION**

Training in technical and management skills at all levels, which saw an



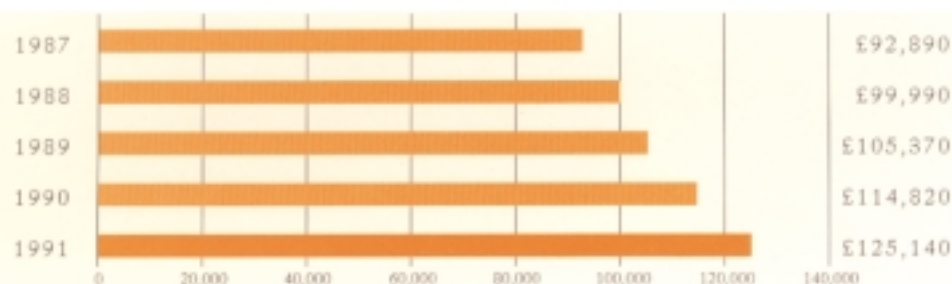
*Product recognition is an important part of in-store training. Neil Osrin, Store Instructor at Sainsbury's Camden store, describes some of the produce range to trainees.*

investment last year of more than £30 million, is a key element of Company policy. Student employees going on to university or polytechnic continue to benefit from Sainsbury's scholarship schemes; the number receiving sponsorship has risen to 121. The student vacation training scheme has also proved to be a popular and valuable element in the

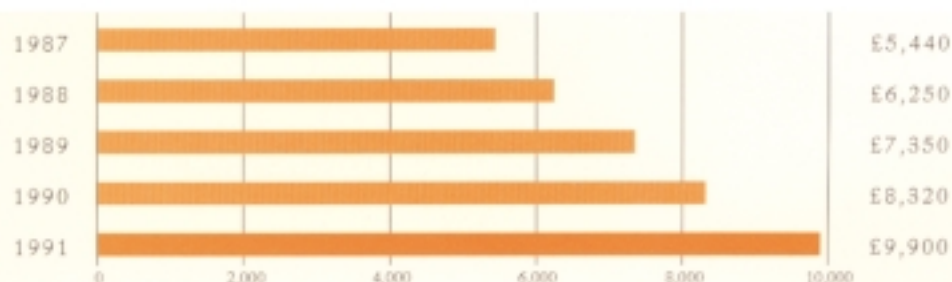
graduate recruitment programme. Last year more than 200 graduates and 350 A-level school leavers joined Sainsbury's management schemes. In addition, more than 60 trainee managers who joined after A-levels have enrolled in the distance learning BA Honours Degree in Retail Marketing sponsored by the Company at Manchester Polytechnic. Sainsbury's is planning to offer this opportunity to a further 60 trainees in 1991/92.

The past year also saw the first two Sainsbury's graduates of the

**SAINSBURY'S SALES  
 PER FULL-TIME  
 EMPLOYEE**



**SAINSBURY'S  
 OPERATING PROFIT  
 PER FULL-TIME  
 EMPLOYEE**



*During the year Sainsbury's operating profit per full-time employee rose by 19% to £9,900 as productivity continued to improve.*



*Presdales School at Ware, one of Sainsbury's "Link" schools, undertakes a management exercise under the watchful eye of Jackie Evans, Branch Personnel Manager at Stevenage.*



*Deputy Chairman David Sainsbury with the first two graduates of the Company MBA Scheme: Nigel Humphries, Senior Project Manager and Alexander Furber, Transport Operations Manager at Basingstoke Depot.*



*A residential study week at Fanham's Hall, Sainsbury's training centre in Hertfordshire, formed part of the Retail Marketing degree course sponsored by the Company with Manchester Polytechnic.*

Management MBA scheme – a new concept in practical management education, launched by the Company in 1988. At junior level, the Company's Retail Training Scheme has proved highly successful with 247 trainees achieving a Level 2 National Vocational Qualification. New training schemes have been introduced within the Distribution Division which enable junior and middle managers to undertake programmes leading to the Institute of Logistics and Distribution Management Certificate.

#### DEVELOPING THE NEXT GENERATION

Sainsbury's links with schools continue to grow. Some 800 schools now



*Caroline McGrath, one of Sainsbury's ten Occupational Health Advisers, discusses preventative health measures at the Kempshott, Basingstoke store.*

benefit from management support and financial assistance, including book donations, GCSE project packs and classroom material designed to help teachers with the new national curriculum. The Company provides work experience opportunities for both students and teachers, while local supermarket management and staff and Head Office departments

are active in the operation of special student projects across the country.

Sainsbury's Home Economists' team, now in its 22nd year, is constantly in demand for its programme of talks and demonstrations for schools and local organisations. During the year 1,800 talks were given to a total audience of 91,000. The Home Economists' initiatives now extend to junior schools, responding to the increasing demand for information on the environment, packaging and modern retailing methods as well as on nutrition and diet.

#### A COMMITMENT TO STAFF WELFARE

Staff welfare and health are issues which have always been vitally important to the Company. The Career Bridge Scheme, which encourages women to return to work after raising families, has been significantly improved. Similarly, schemes which provide flexible working arrangements are being extended, particularly for employees with childcare responsibilities. Sainsbury's policy of employing mature workers is being maintained, an acknowledgement that they form a valuable and stable element in the workforce. This year Sainsbury's Occupational Health Service has been expanded with further initiatives in health assessment and education planned for the future.

*Ann Thomas, a Deputy Store Manager, and her son Luke, appreciate the benefits of Sainsbury's Career Bridge Scheme.*

KEEPING SAINSBURY'S AHEAD  
A SENSE OF COMMUNITY

Sainsbury's continues to support a wide range of activities in the community, from job creation, education and the arts to local and national charities. Last year the Group's total charitable donations were £1.3 million. A number of projects linked to such organisations as Business in the Community benefit from Company managerial experience as well as financial input. The Community Award Scheme, which recognises the personal efforts of staff in fund-raising, and the Good Neighbour Scheme for supporting local community and charitable projects, reinforce the corporate response at a local level.

CARING FOR THE  
ENVIRONMENT

A significant initiative which originated from Shaw's in the US is the "Penny-Back" scheme. To encourage customers to recycle their carrier bags and shopping bags, Sainsbury's gives a refund of one penny for every bag re-used on a shopping trip.

Recycling facilities are now standard at all new stores and the Company is at the forefront of developing systems for plastic recycling. Across Britain, Sainsbury's staff joined with local organisations to clear litter and graffiti from neglected areas of town and countryside.

SUPPORTING THE ARTS

In January 1991, Sainsbury's Arts Sponsorship Committee, under the chairmanship of Lord Sainsbury, announced the Sainsbury's Awards for Arts Education. Totalling £250,000, the Awards are designed to recognise and encourage educational activities in the visual and performing arts.

Sainsbury's arts sponsorship supported well over 200 local arts organisations

with funding or donations in kind, as well as providing substantial sponsorship through its national arts programme. Through this, Sainsbury's Choir of the Year, a biennial nationwide contest for amateur choral groups, brings together every style of choral singing, and in 1990 involved some 15,000 singers of all ages from more than 300 choirs.



*Money refunded under the "Penny-Back" scheme can be donated to charities, which are expected to benefit by £500,000 in the current year.*

*The culinary skills of Mira Maini, Sainsbury's Young Cook of Britain finalist, brought top chef Philip Britten to her classroom at Putney High School.*







*Michael Mayes, Senior Deputy Manager of Sainsbury's, Mosborough, discusses with Dave Gerrard of Sheffield Council's Countryside Unit the work being done to restore derelict land for the benefit of local families.*



*Children from the Central School at Chichester achieved fame as the youngest ever choir to win the Sainsbury's Youth Choir of the Year award.*

KEEPING SAINSBURY'S AHEAD  
RETAIL SUBSIDIARIES

Sainsbury's retail subsidiaries made sound progress on all fronts during the year. At Savacentre, sales and operating profit both increased by over 30%; Homebase achieved good results in adverse market conditions; and in the US, Shaw's market share increased significantly, despite the deep recession in New England.

ANALYSIS OF RETAIL SUBSIDIARIES	SAVACENTRE		HOMEBASE		SHAW'S	
	1991	1990	1991	1990	1991	1990
Sales . . . . .	£478.4m	£365.8m	£224.5m	£200.6m	\$1.77bn	\$1.69bn
Operating Profit . . . . .	£23.2m	£17.3m	£13.2m	£10.9m	\$55.4m	\$54.6m
Number of stores . . . . .	9	8	61	55	70	66
Sales area ('000 sq.ft.) . . . . .	798	665	2,317	2,107	2,107	1,928
Full-time employees . . . . .	2,390	2,214	1,555	1,397	4,659	4,756
Part-time employees . . . . .	4,632	4,143	2,652	2,440	10,704	10,399

*Savacentre: top right*  
Some 39,000 lines are now stocked at a Savacentre hypermarket, ranging from tea bags to T-shirts, and from garden forks to table forks.



*Homebase: left*  
Homebase introduced 300 new own label lines last year, including an exclusive wallcoverings range, paints, door furniture and gardening products.



*Shaw's: bottom right*  
The successful launch of the Shaw's brand, with an initial range of 300 lines, has been well received by customers in New England.



## SAVACENTRE

Savacentre, the Group's specialist hypermarket company, brings a vast range of merchandise under one roof. Customers have a choice of fresh foods, groceries and toiletries, as well as textiles, household goods, lighting, home improvement and gardening products. At the end of the year Savacentre had a total turnover of £478 million, an increase of 31% over last year, and operating profit increased by 34% to £23 million.

### MAJOR REFURBISHMENTS



*Savacentre Chairman David Sainsbury discusses the new own label "Lifestyle" clothing range with Managing Director David Clapham, at the London Colney hypermarket.*

Improvements have been undertaken at existing hypermarkets. At Calcot, near Reading, some 20,000 square feet of additional space has been added, creating wider aisles, more room for the full range and extra checkouts. At Oldbury, near Birmingham, refurbishment has added considerable space to the food area and the restaurant has been upgraded.

### THE LOWEST PRICES

Strong in-store promotion is a cornerstone of the Savacentre philosophy. Weekly "Star Buys" offer customers the lowest possible prices and outstanding value across a range of food and other products. Savacentre is able to offer Sainsbury's products at even lower prices and regularly out-performs other national superstore retailers with the cheapest overall prices.



*In September 1990, the ninth Savacentre opened at the Meadowhall shopping and leisure development outside Sheffield.*

### DIRECTORS

*D. J. Sainsbury  
(Chairman)\**

*D. J. Clapham  
(Managing Director)*

*J. H. G. Barnes\**

*P. Boam\**

*A. B. Cheesman\**

*H. M. A. Ehridge\**

*A. J. Mitcham*

*S. R. Sunucks*

*C. R. Turner*

*B. J. C. Willis*

*\*non-executive directors*

## HOME BASE

Homebase, the Group's chain of home improvement and garden centres, offers a wide range of DIY products, building materials and plants and shrubs. The company continues to perform well and has, once more, increased its market share. Operating profit increased by 21% with sales up 12% despite the adverse effect of a static housing market. Sixty-one stores were trading by the end of the year, following the opening of eight new stores. Two further stores began trading before Easter and four more, currently under construction, will open in 1991/92.

### NEW PRODUCT INTRODUCTIONS

Homebase's policy of introducing own label lines matches Sainsbury's development in innovation and quality. New products this year have all offered better value for money and equivalent performance to those of brand leaders.



*Homebase Chairman Gorth Hoyer Millar considers the new range of garden furniture with Managing Director Dino Adriano.*

### CREATING OPPORTUNITY

Homebase continues to emphasise the importance of training at all levels. As well as its own version of the Retail Training Scheme, which offered the first opportunities for school leavers to achieve a National Vocational Qualification in horticulture, Homebase participates in all of Sainsbury's training programmes.

*Homebase came to Camberley in August 1990 – one of the eight new Sainsbury's home improvement and garden centres to open during the year.*



### DIRECTORS

- G. C. Hoyer Millar (Chairman)\**
- J. H. G. Barnes (Deputy Chairman)\**
- D. B. Adriano (Managing Director)*
- S. W. Bradbury*
- I. D. Coull\**
- J. Daychie\**
- D. E. Henson\**
- D. du Monceau de Bergendal\**
- J. Pitz\**
- M. Rosen\**
- M. R. Sargeant*

*\*non-executive directors*

## SHAW'S

Shaw's, the Group's chain of supermarkets in the US, had an encouraging trading performance despite the difficult New England economic climate. The Company increased its market share significantly. Sales increased by 6.5% to \$1,770 million and operating profit increased marginally to \$55 million. Six new stores were opened and six remodels or enlargements were completed, together with the opening of a 291,400 square feet perishable goods distribution centre.



*David Jenkins, Chairman of Shaw's, discusses the recently introduced own label lines with a family shopping at the new Carver store.*

**IMPROVING DATA SYSTEMS**  
Improvements to Shaw's data systems provided the computerisation of direct store delivery receiving, truck dispatching and routing, and a three-fold increase in in-store computing capacity. The ability to process store ordering, time and attendance, and cheque authorisations was also considerably increased during the year.

### DEVELOPING SHAW'S OWN LABEL

Last year the Company began to see the benefits of its intensive project to develop a Shaw's brand. Aided by Sainsbury's personnel, Shaw's was able to place more than 300 own label products on its shelves, with 800 expected to be available by the end of the year. Shaw's label, positioned with a clear market advantage and quality equal to or surpassing the brand leader, is being enthusiastically received by customers. Good food also costs less at Shaw's.

### DIRECTORS

*D. B. Jenkins  
(Chairman and  
Chief Executive Officer)*

*D. A. Quarmby  
(Deputy Chairman)\**

*M. W. Broomfield†*

*J. D. Kelleher*

*R. McLaren†*

*H. V. Powell*

*R. P. Whitbread\**

*S. W. Ramsay*

*\*non-executive directors*

*†seconded from Sainsbury's*



*The Shaw's supermarket at Carver, Massachusetts, was one of six new stores opened in New England during the year.*

## STORE OPENINGS 1990/91

### SAINSBURY'S

Salford	Luton	Cannock
Durham	Wellingborough	Winchmore Hill
Northwich	Swindon	Middleton
St. Clare's, Hampton	Ellesmere Port	Letchworth
Chippenham	Poole	
Tunbridge Wells	Solihull	
Haverhill	Thanet	<i>New Sales Area =</i>
Christchurch	Derby	<b><u>670,927 square feet.</u></b>

### SAVACENTRE

Meadowhall, Sheffield	<i>New Sales Area =</i> <b><u>99,973 square feet.</u></b>
-----------------------	--

### HOMEBASE

Basildon	Camberley	
Mill Hill	Guildford	
Orpington	Swindon	<i>New Sales Area =</i>
Harlow	Middleton	<b><u>278,485 square feet.</u></b>

### SHAW'S

Salem, MA	Carver, MA	
Hudson, MA	Leominster, MA	<i>New Sales Area =</i>
Brockton West, MA	Mill Creek, Portland, ME	<b><u>207,966 square feet.</u></b>

***Total New Sales Area = 1,257,351 square feet.***

## PLANNED STORE OPENINGS 1991/92

### SAINSBURY'S

Crawley	Alperton	Torquay
Thetford	Haywards Heath	Liverpool
Barnstaple	Hedge End, Southampton	Glasgow
Shrewsbury	Wrexham	Preston
Rustington	York	Stafford
Chelmsford	Bracknell	
Maidstone	Kidlington, Oxford	<i>New Sales Area =</i>
Macclesfield	Lincoln	<b><u>730,658 square feet.</u></b>

### HOMEBASE

Crawley	Kidbrooke	
Chelmsford	Hove	<i>New Sales Area =</i>
Oxford	Tunbridge Wells	<b><u>203,700 square feet.</u></b>

### SHAW'S

	<i>Major enlargements</i>	
Braintree, MA	Easton, MA	<i>New Sales Area</i>
Seabrook, NH	Canton, MA	<i>(excluding enlargements) =</i>
	Falmouth, ME	<b><u>65,100 square feet.</u></b>

***Total New Sales Area = 999,458 square feet.***

## US STORES



### SHAW'S

- Existing stores .....70
- ▲ Planned new stores and major enlargements 1991/92 .....5

## UK STORES

### Existing stores

- - Sainsbury's .....299
- - Savacentre .....9
- - Homebase .....61

### Planned new store openings 1991/92

- ▲ - Sainsbury's .....21
- ▲ - Homebase .....6



### INNER LONDON

- Sainsbury's .....22
- Homebase .....2
- ▲ Homebase .....1

### OUTER LONDON

- Sainsbury's .....46
- Savacentre .....1
- Homebase .....10
- ▲ Sainsbury's .....1

## TEN YEAR RECORD

Results £ million	1982	1983†	1984
<b>Group Sales (including VAT &amp; Sales Taxes)</b>	<b>1,950.5</b>	<b>2,315.8</b>	<b>2,688.5</b>
Increase on previous year	22.7%	17.6%	16.1%
UK Operating Margin	4.22%	4.37%	4.78%
<b>Group Operating Profit</b>	<b>82.4</b>	<b>101.1</b>	<b>128.5</b>
Associates	2.5	5.4	6.0
Profit sharing	(5.7)	(6.6)	(9.7)
<b>Group Profit (before Property Profits)</b>	<b>83.4</b>	<b>99.8</b>	<b>127.3</b>
<b>Increase on previous year</b>	<b>34.3%</b>	<b>19.1%</b>	<b>27.6%</b>
Property Profits	—	0.9	2.7
<b>Profit Before Tax</b>	<b>83.4</b>	<b>100.7</b>	<b>130.0</b>
<b>Increase on previous year</b>	<b>34.3%</b>	<b>20.2%</b>	<b>29.1%</b>
Tax charge	15.4	27.4	41.0
Profit after Tax	68.0	73.3	89.0
<b>Fully Diluted Earnings per Share (excluding Property Profits)*</b>	<b>4.99p</b>	<b>5.33p</b>	<b>6.29p</b>
Increase on previous year	33.0%	6.8%	18.0%
<b>Dividend per Share*</b>	<b>1.22p</b>	<b>1.47p</b>	<b>1.88p</b>

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

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

Retail Statistics	1982	1983	1984
<b>Number of outlets at financial year end</b>			
Sainsbury's – over 25,000 sq.ft. sales area	9	11	19
15,000-25,000 sq.ft. sales area	100	106	112
under 15,000 sq.ft. sales area	136	134	131
Sainsbury's	245	251	262
Savacentre	5	5	5
Homebase	2	7	14
Shaw's	—	—	—
<b>Total number of stores</b>	<b>252</b>	<b>263</b>	<b>281</b>
<b>Sales area ('000 sq.ft.)</b>			
Sainsbury's	3,282	3,564	3,944
Net increase on previous year	10.2%	8.6%	10.7%
Savacentre	356	356	356
Homebase (approx. 60% covered sales area)	90	306	624
Shaw's	—	—	—
<b>Group Total</b>	<b>3,728</b>	<b>4,226</b>	<b>4,924</b>
New Sainsbury's openings	17	17	15
Average size of new Sainsbury's (sq.ft.)	21,060	19,150	25,530
Average size of all Sainsbury's (sq.ft.)	13,400	14,200	15,050
<b>Average Sainsbury's sales</b>			
Per store (£ per week)	155,700	176,900	198,800
Per square foot (£ per week)	12.00	12.88	13.60
<b>Share of national trade in food and drink shops**</b>	<b>7.3%</b>	<b>8.2%</b>	<b>8.8%</b>

\*\*Based on Sainsbury's sales, Savacentre food and grocery non-food sales and CSO data (series revised April 1991).



1985	1986	1987	1988	1989	1990	1991
<b>3,135.3</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>	<b>8,200.5</b>
16.6%	14.0%	13.1%	23.9%	18.1%	22.7%	13.0%
4.84%	5.30%	5.75%	6.16%	6.89%	7.04%	7.67%
<b>151.8</b>	<b>189.6</b>	<b>232.5</b>	<b>295.7</b>	<b>372.9</b>	<b>470.7</b>	<b>585.0</b>
9.7	13.6	17.9	18.2	15.6	1.6	0.3
(12.1)	(15.8)	(21.2)	(23.9)	(26.7)	(33.8)	(44.0)
<b>153.8</b>	<b>186.8</b>	<b>237.8</b>	<b>298.6</b>	<b>352.3</b>	<b>420.7</b>	<b>505.7</b>
<b>20.8%</b>	<b>21.5%</b>	<b>27.3%</b>	<b>25.6%</b>	<b>18.0%</b>	<b>19.4%</b>	<b>20.2%</b>
2.6	5.9	9.1	9.8	22.8	30.7	12.5
<b>156.4</b>	<b>192.7</b>	<b>246.9</b>	<b>308.4</b>	<b>375.1</b>	<b>451.4</b>	<b>518.2</b>
<b>20.3%</b>	<b>23.2%</b>	<b>28.1%</b>	<b>24.9%</b>	<b>21.6%</b>	<b>20.3%</b>	<b>14.8%</b>
48.0	65.4	88.9	109.0	125.1	140.5	163.4
108.4	127.3	158.0	199.4	250.0	310.9	354.8
<b>7.70p</b>	<b>8.72p</b>	<b>10.60p</b>	<b>13.05p</b>	<b>15.10p</b>	<b>18.36p</b>	<b>21.98p</b>
22.4%	13.2%	21.6%	23.1%	15.7%	21.6%	19.7%
<b>2.25p</b>	<b>2.75p</b>	<b>3.50p</b>	<b>4.20p</b>	<b>5.05p</b>	<b>6.10p</b>	<b>7.35p</b>

1985	1986	1987	1988	1989	1990	1991
29	39	54	74	95	116	136
117	122	119	115	110	106	102
125	119	110	94	87	69	61
271	280	283	283	292	291	299
6	6	6	6	7	8	9
23	28	32	38	48	55	61
—	—	—	60	61	66	70
<b>300</b>	<b>314</b>	<b>321</b>	<b>387</b>	<b>408</b>	<b>420</b>	<b>439</b>
4,325	4,692	5,034	5,463	5,964	6,434	6,951
9.6%	8.5%	7.3%	8.5%	9.2%	7.9%	8.0%
424	433	433	436	543	665	798
1,038	1,261	1,424	1,645	1,886	2,107	2,317
—	—	—	1,592	1,693	1,928	2,107
<b>5,787</b>	<b>6,386</b>	<b>6,891</b>	<b>9,136</b>	<b>10,086</b>	<b>11,134</b>	<b>12,173</b>
15	15	15	16	20	22	20
26,080	27,430	29,150	30,650	31,360	32,316	33,546
15,960	16,760	17,790	19,300	20,425	22,110	23,248
221,300	244,100	267,800	304,900	327,500	373,500	425,400
14.32	14.87	15.43	16.30	16.50	17.26	18.17
<b>9.3%</b>	<b>9.9%</b>	<b>10.4%</b>	<b>10.9%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>12.6%</b>

## BOARD OF DIRECTORS



### EXECUTIVE DIRECTORS

(Back row) C. I. Harvey, R. Cooper, K. C. Worrall, D. E. Henson, C. Roberts, R. A. Clark, I. D. Coull, J. E. Adshead, D. B. Adriano, R. P. Whitbread.  
(Front row) R. T. Vyner, Lord Sainsbury of Preston Candover, D. J. Sainsbury, D. A. Quarmby.

### JOINT PRESIDENTS

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

### BOARD OF DIRECTORS

**Lord Sainsbury of Preston Candover,**  
Chairman and Chief Executive

Joined the Company in 1950;  
appointed Director in 1958;  
Vice-Chairman 1967-69; Chairman  
and Chief Executive 1969; age 63.

**D. J. Sainsbury,** Deputy Chairman

Joined the Company in 1963;  
appointed Director in 1966;  
Finance Director 1973-90;  
Chairman, Savacentre 1984;  
Deputy Chairman 1988; age 50.

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

Joined the Company in 1984 as  
Director of Distribution;  
Joint Managing Director in 1988 with  
responsibility for non-trading  
functions; assumed overall  
responsibility for operations in 1990;  
age 49.

**R. T. Vyner,** Joint Managing Director

Joined the Company in 1978 as  
Director responsible for grocery and  
non-foods buying;  
Assistant Managing Director, Buying  
and Marketing 1986; appointed Joint  
Managing Director in 1990; age 54.

### C. Roberts

Joined the Company in 1958; appointed  
a Trading Director 1975; responsible  
for dairy, produce, off-licence and  
frozen foods buying; age 58.

### R. A. Clark

Joined the Company in 1966;  
Director for personnel and data  
processing 1979-88; now responsible  
for distribution, data processing and  
information systems; Chairman, HMP  
1990; age 56.

### D. E. Henson

Joined the Company in 1979 as  
Director responsible for financial  
control; Finance Director 1990; age 58.

### K. C. Worrall

Joined the Company in 1953;  
appointed Director for grocery and  
non-foods buying in 1986; age 54.

### I. D. Coull

Joined the Company in 1988 as  
Director of the Development Division;  
age 40.

### R. Cooper

Joined the Company in 1975;  
appointed Director for Meat, Fresh  
Fish, Pork Products, Bakery and  
Delicatessen Buying and Scientific  
Services in 1988; age 42.

### J. E. Adshead

Joined the Company in February 1969  
as Personnel Director; age 46.

### 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 49.

### 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 47.

### R. P. Whitbread

Joined the Company in 1969 as a  
retail management trainee; appointed  
a Departmental Director in 1983;  
appointed Director responsible for  
Public Relations, Marketing and  
Marketing Services in 1990; age 40.



NON-EXECUTIVE DIRECTORS

*The Rt. Hon. Lord Prior PC, J. H. G. Barnes, Sir Roy Griffiths, G. C. Hoyer Millar, Lady Eccles of Moulton, Sir James Spooner.*

**Sir Roy Griffiths,**  
Deputy Chairman (non-executive)

Joined the Company in 1968;  
appointed Director of Personnel and  
Administration in 1969;  
Managing Director 1979-88;  
Deputy Chairman 1975  
(non-executive since 1988); age 64.

**J. H. G. Barnes** (non-executive)

Joined the Company in 1956;  
appointed Director in 1969;  
responsible for Retail Division 1977-90;  
Joint Managing Director, Trading  
1988-90; age 60.

**G. C. Hoyer Millar** (non-executive)

Joined the Company in 1964;  
appointed Director of Distribution in  
1967; Development Director 1974-88;  
Chairman, Homebase 1979;  
Chairman, J. Sainsbury (Properties)  
Limited 1988; age 61.

**Sir James Spooner** (non-executive)

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 58.

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

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 63.

**Lady Eccles of Moulton** (non-executive)

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 57.

DEPARTMENTAL  
DIRECTORS

**R. A. Anderson**  
Property Development

**J. E. Blake**  
Data Processing

**P. Boam**  
Property Development

**S. W. Bradbury**  
Finance Director, Homebase

**A. B. Cheesman**  
Produce

**D. J. Clapham**  
Managing Director, Savacentre

**M. D. Conolly**  
Off-Licence

**H. M. A. Elvidge**  
Branch Services

**C. Etheridge**  
Area Director

**A. W. Fry**  
Chief Accountant

**D. J. Graham**  
Distribution

**W. T. Hales**  
Branch Operations

**I. J. Hunt**  
Marketing Services

**P. Ibbotson**  
Construction

**C. J. Leaver**  
Public Relations

**N. F. Matthews**  
Group Secretary, Public Affairs

**I. G. Merton**  
Meat, Poultry and Bacon

**C. Montagnon**  
Information Systems

**M. D. Morgan**  
Cheese, Dairy, Frozen Foods

**J. R. Phillipson**  
Area Director

**M. T. Powell**  
Supply Logistics

**J. Ramsden**  
Grocery

**A. F. Rees**  
Marketing

**J. A. Renshaw**  
Pork Products, Bakery,  
Delicatessen

**E. G. P. Ricketts**  
Branch Merchandising

**D. N. Roberts**  
Treasurer

**M. Rosen**  
Non-Foods

**M. R. Sargeant**  
Buying and Marketing  
Director, Homebase

**D. L. Smith**  
Area Director

**D. W. Smith**  
Area Director

**Dr. G. Spriegel**  
Scientific Services

**T. A. Wigley**  
Area Director

# REPORT OF THE DIRECTORS

for the 52 weeks to 16th March 1991

## 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 £518.2 million. After deducting £163.4 million for taxation and £115.2 million for dividends paid and proposed, £240 million has been transferred to reserves. The Group trading profit amounted to £505.7 million.

The Directors are proposing the payment of a final dividend of 5.25p per share on 29th July 1991 to shareholders on the Register at the close of business on 31st May 1991; together with the interim dividend paid of 2.1p per share, this makes a total dividend for the year of 7.35p per share.

## Principal Activities

The principal activity of the Group is the retail distribution of food and home improvement and garden products.

## Share Capital

During the year 12,602,550 shares were allotted and further options granted under the Company's share schemes for employees. In addition, 1,026,715 shares were issued on conversion and exchange of 538 5% Convertible Capital Bonds 2004 issued by J Sainsbury (Capital) Limited in 1989.

Resolutions will be proposed at the Annual General Meeting as follows:

- To increase the Company's Authorised Share Capital from 1,700,000,000 shares to 2,000,000,000 shares to accommodate the potential issue of shares from the Scrip Dividend Scheme proposal and outstanding obligations in respect of employee share schemes and Capital Bond conversions. No issue will be made which would effectively alter the control of the Company without prior approval of its shareholders in General Meeting.

- To renew the Directors' authority to issue shares which expires within five years of the previous renewal.

- To renew the authority of the Directors to issue shares without applying the statutory pre-emption rights.

The full text of the Resolutions is set out in the Notice of Meeting on page 52.

## Post Balance Sheet Events

As set out in Note 16, on 23rd April 1991 J Sainsbury (Capital) Limited gave notice of redemption to the holders of the outstanding 5% Convertible Capital Bonds 2004.

On 9th May 1991 the Company issued US\$ 150 million 8% Bonds on the Eurodollar Market for the purpose of refinancing existing indebtedness and for the general purposes of the Group. The Bonds are to be redeemed on their fifth anniversary.

## Scrip Dividend

The Directors are proposing to offer shareholders the option of taking some or all of their dividend in the form of ordinary shares rather than cash. This option will apply initially to the final dividend payable in July 1991.

## Scrip Dividend *continued*

A Resolution will be proposed at the Annual General Meeting to approve the offer of a scrip dividend to shareholders and the full text of the Resolution is set out in the Notice of Meeting on page 52.

## Personal Equity Plan

The Directors announce the introduction of a Corporate Personal Equity Plan in June 1991, outline details of which are included in a letter from the Chairman to shareholders accompanying this Report. It is the Directors' present intention to introduce a further Plan to take advantage of the changes announced in the Budget once the appropriate legislation is in place.

## 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 £2,487.8 million, have a substantially greater market value.

## Fixed Assets

The movements of fixed assets are shown in Note 1 on page 40.

## Research and Development

The Scientific Services Division employs 128 people and has an annual expenditure of over £3.5 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 opportunities regardless of sex, race or religion. Full and fair consideration is given to the employment and opportunities for training and development of people with disabilities according to their skills and capacity. The services of any existing employee who becomes disabled are retained wherever possible. The Group also has a very extensive and well-established structure for communicating with employees, especially in relation to the financial results at the year end.

During the year the entitlement to participate in the Profit Sharing Scheme was extended to UK employees with only one year's service.

## Donations

Donations to charitable organisations amounted to £1.3 million (1990: £0.9 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 32 and 33. All the Directors shown held office throughout the year with the exception of Mr. R. P. Whitbread who was appointed at the Annual General Meeting on 11th July 1990. In accordance with the Articles of Association, a Resolution will be submitted to the Annual General Meeting for the re-appointment of Mr. G. C. Hoyer Millar who retires by rotation and

offers himself for re-election. Sir Roy Griffiths will retire at the Annual General Meeting but will not offer himself for re-election. Directors holding executive office do not retire by rotation.

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 16th March 1991 were as set out below. The number of options granted and exercised during the year is also shown.

	Ordinary Shares		Options over Ordinary Shares			
	16th March 1991	17th March 1990	16th March 1991	Granted during year	Exercised during year	17th March 1990
Lord Sainsbury of Preston Candover . . . . .	47,497,363	47,497,363	108,027	53,680	—	54,347
D. J. Sainsbury . . . . .	338,433,302	338,433,302	108,450	61,349	—	47,101
D. A. Quarmby . . . . .	60,625	12,687	186,132	58,594	114,552	242,090
R. T. Vyner . . . . .	74,319	26,825	122,086	64,979	225,315	282,422
C. Roberts . . . . .	173,490	178,293	137,256	48,637	83,394	172,013
R. A. Clark . . . . .	114,600	118,942	181,479	55,976	72,788	198,291
D. E. Henson . . . . .	66,127	103,418	161,246	46,932	49,774	164,088
K. C. Worrall . . . . .	107,964	105,767	181,784	37,121	25,614	170,277
L. D. Coull . . . . .	3,197	1,000	114,522	46,012	—	68,510
R. Cooper . . . . .	35,348	32,244	163,826	42,473	13,218	134,571
J. E. Adshead . . . . .	2,994	1,000	76,108	39,877	—	36,231
C. I. Harvey . . . . .	56,125	54,590	159,303	39,030	12,884	133,157
D. B. Adriano . . . . .	3,844	6,534	100,949	32,770	29,846	98,025
R. P. Whitbread . . . . .	14,095	11,398*	123,730	28,834	20,252	115,148*
Sir Roy Griffiths . . . . .	107,040	104,150	143,770	—	155,950	299,720
J. H. G. Barnes . . . . .	151,896	149,699	63,604	—	98,596	162,200
G. C. Hoyer Millar . . . . .	259,946	410,957	181,171	—	—	181,171
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 of ordinary shares 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 (1990: 428,056); Sir Roy Griffiths, 144,498 (1990: 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 (1990: 50), D. J. Sainsbury, non-beneficial 2,095 (1990: 2,095).

Between 16th March 1991 and 11th May 1991 there were no changes in the Directors' interests.

## Substantial Interests

The substantial interests notified to the Company are set out below, all of which include duplications.

Miss J. Portrait and W. M. Pybus, respectively a partner and consultant of Denton Hall Burgin & Warrens, the Company's solicitors, C. T. S. Stone and Lady (Lisa) Sainsbury are trustees of various settlements, including charitable settlements. At 11th May 1991, the total holdings of the trusts of which the above are trustees amounted to 18%, 9%, 4% and 4% respectively.

As trustees and beneficially S. D. Sainsbury and T. A. D. Sainsbury MP held 7% and 3% respectively at 11th May 1991.

## 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 1991

# BALANCE SHEETS

16th March 1991

	Note	Group		Company	
		1991 £m	1990 £m	1991 £m	1990 £m
<b>Fixed Assets</b>					
Tangible Assets . . . . .	1	3,214.1	2,738.4	2,540.9	2,097.8
Investments . . . . .	2	19.0	17.1	478.9	474.2
		<u>3,233.1</u>	<u>2,755.5</u>	<u>3,019.8</u>	<u>2,572.0</u>
<b>Current Assets</b>					
Investment . . . . .	5	—	29.4	—	19.0
Stocks . . . . .		360.7	308.4	236.2	196.2
Debtors . . . . .	6	116.3	94.9	98.1	72.8
ACT Recoverable . . . . .	7	28.9	27.3	27.7	22.0
Cash at Bank and in Hand . . . . .		110.5	139.3	50.8	47.1
		<u>616.4</u>	<u>599.3</u>	<u>412.8</u>	<u>357.1</u>
Creditors: due within one year . . . . .	8	(1,429.4)	(1,352.3)	(1,210.4)	(1,105.1)
<b>Net Current Liabilities</b> . . . . .		<u>(813.0)</u>	<u>(753.0)</u>	<u>(797.6)</u>	<u>(748.0)</u>
<b>Total Assets Less Current Liabilities</b> . . . . .		<u>2,420.1</u>	<u>2,002.5</u>	<u>2,222.2</u>	<u>1,824.0</u>
Creditors: due after one year . . . . .	8	(386.0)	(431.8)	(636.2)	(493.0)
Deferred Tax . . . . .	10	(3.6)	(3.9)	4.7	2.0
Minority Interest . . . . .	11	(210.9)	(11.3)	—	—
		<u>1,819.6</u>	<u>1,555.5</u>	<u>1,590.7</u>	<u>1,333.0</u>
<b>Capital and Reserves</b>					
Called Up Share Capital . . . . .	12	382.0	378.6	382.0	378.6
Share Premium Account . . . . .	13	218.0	193.8	218.0	193.8
Revaluation Reserve . . . . .	14	19.9	20.3	19.9	20.3
Profit and Loss Account . . . . .	15	1,052.4	812.8	970.8	740.3
		<u>1,672.3</u>	<u>1,405.5</u>	<u>1,590.7</u>	<u>1,333.0</u>
<b>5% Convertible Capital Bonds 2004</b> . . . . .	16	147.3	150.0	—	—
		<u>1,819.6</u>	<u>1,555.5</u>	<u>1,590.7</u>	<u>1,333.0</u>

Notes on the Financial Statements are on pages 39 to 50

*The Financial Statements on pages 36 to 50 were approved by the Board of Directors on 14th May 1991, and are signed on its behalf by*

**Sainsbury** Chairman

**David Sainsbury** Deputy Chairman

# GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks to 16th March 1991

	Note	1991 £m	1990 £m
<b>Group Sales</b> (including VAT & Sales Taxes) . . . . .	17	<b>8,200.5</b>	7,257.0
VAT & Sales Taxes . . . . .		<b>387.2</b>	326.6
<b>Group Sales</b> (excluding VAT & Sales Taxes) . . . . .		<b>7,813.3</b>	6,930.4
Cost of Sales . . . . .		<b>7,049.9</b>	6,302.3
<b>Gross Profit</b> . . . . .		<b>763.4</b>	628.1
Administrative Expenses . . . . .		<b>178.4</b>	157.4
<b>Group Operating Profit</b> . . . . .	17	<b>585.0</b>	470.7
Net Interest Payable . . . . .	18	<b>35.6</b>	17.8
		<b>549.4</b>	452.9
Associates – share of profit . . . . .	4	<b>0.3</b>	1.6
		<b>549.7</b>	454.5
Profit Sharing . . . . .	19	<b>44.0</b>	33.8
<b>Group Trading Profit</b> . . . . .		<b>505.7</b>	420.7
Other Operating Income (including property profits) . . . . .	20	<b>12.5</b>	30.7
<b>Profit on Ordinary Activities before Tax</b> . . . . .	21	<b>518.2</b>	451.4
Tax on Profit on Ordinary Activities . . . . .	24	<b>163.4</b>	140.5
<b>Profit on Ordinary Activities after Tax</b> . . . . .		<b>354.8</b>	310.9
Minority Interest . . . . .		<b>0.4</b>	2.8
<b>Profit for Financial Year</b> . . . . .		<b>355.2</b>	313.7
<b>Dividends</b> . . . . .	25	<b>115.2</b>	92.4
<b>Profit Retained</b> . . . . .	15	<b>240.0</b>	221.3
 <b>Earnings per Share</b>			
Excluding other operating income . . . . .		<b>22.52p</b>	18.81p
Including other operating income . . . . .		<b>23.37p</b>	20.80p
 <b>Fully Diluted Earnings per Share</b>			
Excluding other operating income . . . . .		<b>21.98p</b>	18.36p
Including other operating income . . . . .		<b>22.78p</b>	20.23p

# GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the 52 weeks to 16th March 1991

	1991 £m	1990 £m
<b>Source of Funds</b>		
Profit on ordinary activities before tax . . . . .	518.2	451.4
Adjustments for items not involving movement of funds		
Depreciation . . . . .	125.4	103.4
Share of profit before tax of Associates . . . . .	(0.3)	(1.6)
Profit on sale of the assets of Palethorpes Limited . . . . .	(5.1)	—
<b>Total Generated from Operations</b>	638.2	553.2
<b>Funds from Other Sources</b>		
12½% Notes 1995 . . . . .	100.0	—
8½% Convertible Capital Bonds 2005 . . . . .	198.0	—
5% Convertible Capital Bonds 2004 . . . . .	(2.7)	146.0
9½% Notes 1996 . . . . .	—	91.9
Share capital . . . . .	29.6	22.1
Minority interest capital contribution . . . . .	—	4.3
Disposal of tangible fixed assets . . . . .	171.9	198.1
Sale of the assets of Palethorpes Limited (Net) . . . . .	13.9	—
	1,148.9	1,015.6
<b>Application of Funds</b>		
Capital expenditure . . . . .	779.7	692.5
Purchase of Haverhill Meat Products Limited . . . . .	—	18.5
Dividends paid . . . . .	97.8	79.8
Tax paid . . . . .	143.0	134.7
Net advances (from)/to Associates . . . . .	—	(6.0)
Redemption of debentures . . . . .	0.2	—
Unsecured Loan Notes . . . . .	20.5	32.5
	1,041.2	952.0
<b>Decrease in Working Capital</b>		
Increase in net creditors . . . . .	88.2	101.8
Less increase in stocks . . . . .	52.3	22.3
	35.9	79.5
<b>Increase in Net Liquid Funds</b> (including Short Term Notes)	143.6	143.1



## ACCOUNTING POLICIES

### Basis of Accounts

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and with Accounting Standards adopted by the Accounting Standards Board. They consolidate the accounts of J Sainsbury plc ('the Company') and all its Subsidiaries 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 230(3) of the Companies Act 1985.

### 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 except for certain Subsidiaries where depreciation commences from the date of the acquisition of the asset.

### 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 independent 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 net of finance charges. Interest costs and all payments in respect of operating leases are charged directly to the profit and loss account.

### 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 41. 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:

- the full conversion of 5% Convertible Capital Bonds 2004 on the first day of the financial year and 8½% Convertible Capital Bonds 2005 on the day of issue.
- 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 16th March 1991

## Note 1 Tangible Fixed Assets

	Properties	Group Fixtures, Equipment & Vehicles	Total	Properties	Company Fixtures, Equipment & Vehicles	Total
	£m	£m	£m	£m	£m	£m
<b>Cost or Valuation</b>						
At 17th March 1990 . . . . .	2,186.2	1,001.0	3,187.2	1,627.0	791.0	2,418.0
Additions . . . . .	559.9	219.8	779.7	510.9	172.5	683.4
Disposals . . . . .	163.7	39.4	203.1	151.2	29.0	180.2
Exchange adjustments . . . . .	23.5	9.8	33.3	—	—	—
Haverhill Meat Products Limited . . . . .	13.6	23.4	37.0	—	—	—
At 16th March 1991 . . . . .	<u>2,572.5</u>	<u>1,195.0</u>	<u>3,767.5</u>	<u>1,986.7</u>	<u>934.5</u>	<u>2,921.2</u>
<b>Depreciation</b>						
At 17th March 1990 . . . . .	64.1	384.7	448.8	17.4	302.8	320.2
Provided in the year . . . . .	25.0	100.4	125.4	3.4	75.9	79.3
Disposals . . . . .	5.2	26.0	31.2	0.8	18.4	19.2
Exchange adjustments . . . . .	4.1	4.5	8.6	—	—	—
Haverhill Meat Products Limited . . . . .	4.9	14.1	19.0	—	—	—
At 16th March 1991 . . . . .	<u>84.7</u>	<u>468.7</u>	<u>553.4</u>	<u>20.0</u>	<u>360.3</u>	<u>380.3</u>
<b>Net Book Value</b>						
At 16th March 1991 . . . . .	<u>2,487.8</u>	<u>726.3</u>	<u>3,214.1</u>	<u>1,966.7</u>	<u>574.2</u>	<u>2,540.9</u>
At 17th March 1990 . . . . .	2,122.1	616.3	2,738.4	1,609.6	488.2	2,097.8
<b>Capital Work-in-Progress included above</b>						
At 16th March 1991 . . . . .	140.1	42.5	182.6	92.7	40.2	132.9
At 17th March 1990 . . . . .	135.2	33.1	168.3	84.4	23.4	107.8
<b>Analysis of Properties</b>						
At 16th March 1991					<b>Group Cost or Valuation £m</b>	<b>Company Cost or Valuation £m</b>
Freehold . . . . .					2,010.9	1,618.9
Long Leasehold . . . . .					438.3	334.0
Short Leasehold . . . . .					123.3	33.8
					<u>2,572.5</u>	<u>1,986.7</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 16th March 1991 amounted to £33.9 million after deducting tax relief of £17.5 million.

Included in the net book value of fixed assets is £52.9 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 £28.2 million as follows: Freehold £19.3 million, Long Leasehold £8.5 million and Short Leasehold £0.4 million.

If these properties at the 1973 Valuation of £28.2 million had been included at original cost, the cost and depreciation figures at 16th March 1991 would have been Freehold £4.5 million, Long Leasehold £3.7 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, £1.9 million and £0.4 million depreciation on revalued cost).

## Note 2 Investments

	Group		Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Subsidiaries (Note 3) . . . . .	—	—	473.7	467.6
Associates (Note 4) . . . . .	14.0	14.1	5.2	6.6
Other investments . . . . .	5.0	3.0	—	—
	<u>19.0</u>	<u>17.1</u>	<u>478.9</u>	<u>474.2</u>

**Note 3 Investment in Subsidiaries**

The Company's principal Subsidiaries are:	Share of Ordinary Allotted Capital	Country of Incorporation
Savacentre Limited . . . . .	100%	UK
Homebase Limited . . . . .	75%	UK
Haverhill Meat Products Limited . . . . .	100%	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
J Sainsbury (Channel Islands) Limited . . . . .	100%	Jersey

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 apart from J Sainsbury (Capital) Limited and J Sainsbury (Channel Islands) Limited which are managed and controlled in the UK.

<b>Investments</b>	<b>Company £m</b>
Shares at cost, less amounts written off	
Balance 17th March 1990 . . . . .	77.9
Additions . . . . .	19.0
<b>Balance 16th March 1991 . . . . .</b>	<b>96.9</b>
Long Term Capital Advances	
Balance 17th March 1990 . . . . .	389.7
Net Decrease . . . . .	(12.9)
<b>Balance 16th March 1991 . . . . .</b>	<b>376.8</b>
<b>Total Investment 16th March 1991 . . . . .</b>	<b>473.7</b>
17th March 1990 . . . . .	467.6

The consolidated accounts are based upon the audited accounts of the Company and its Subsidiaries made up to 16th March 1991, with the exception of Haverhill Meat Products Limited (17th February 1991) and J Sainsbury (U.S.A.) Inc. and Shaw's Supermarkets, Inc. (2nd March 1991). 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.

**Note 4 Investment in Associates**

	Share of Allotted Capital	Share of Profit Before Tax	
		1991 £m	1990 £m
<b>Breckland Farms Limited</b>			
200,000 "B" Ordinary Shares of £1 each	50%	0.8	0.7
141,532 1% Redeemable Preference Shares of £1 each			
<b>Kings Reach Investments Limited</b>			
28,760 Ordinary Shares of 1p each . . . . .	28.76%	0.7	0.9
<b>Sainsbury LET Shop Developments Limited</b>			
500 "B" Ordinary Shares of £1 each . . . . .	50%	(1.2)	(0.4)
9,000 Preference Shares of £1 each . . . . .	100%		
<b>Haverhill Meat Products Limited</b>			
Share of profits for 48 weeks before it became a Subsidiary in 1990 . . . . .		—	0.4
		<b>0.3</b>	<b>1.6</b>

Note 4 **Investment in Associates** – *continued*

**Investments**

	<b>Group</b>	<b>Company</b>
	<b>£m</b>	<b>£m</b>
Balance 16th March 1991 and 17th March 1990 . . . . .	<u>0.6</u>	<u>0.6</u>
Share of Post Acquisition Reserves		
Balance 17th March 1990 . . . . .	7.5	—
Share of retained loss for the year . . . . .	(0.1)	—
<b>Balance 16th March 1991</b> . . . . .	<u>7.4</u>	<u>—</u>
Long Term Capital Advances		
Balance 17th March 1990 . . . . .	6.0	6.0
Provision against investment . . . . .	—	(1.4)
<b>Balance 16th March 1991</b> . . . . .	<u>6.0</u>	<u>4.6</u>
<b>Total Investment 16th March 1991</b> . . . . .	<u>14.0</u>	<u>5.2</u>
17th March 1990 . . . . .	<u>14.1</u>	<u>6.6</u>

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.

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. D. Morgan.

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

Sainsbury LET Shop Developments Limited: D. N. Roberts and T. A. Baker.

Note 5 **Current Asset Investment**

During the year, the trade and net assets of Palethorpes Limited, the wholly owned Subsidiary of Haverhill Meat Products Limited were sold for £14 million and the resulting profit is shown in Other Operating Income (including property profits) (Note 20). At that time, the Company's Directors decided that control of Haverhill Meat Products Limited would not be temporary and so its accounts have been consolidated in accordance with the Group accounting policies as from the start of the year with the trading results of Palethorpes Limited to the date of sale. The comparative balance sheet has not been adjusted as the effect is not considered material.

Note 6 **Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Trade . . . . .	18.6	10.5	6.0	2.2
Amounts owed by Subsidiaries . . . . .	—	—	11.8	6.7
Amounts owed by Associates . . . . .	—	0.4	—	0.4
Other Debtors				
(including £1.8 million due in more than one year) . . . . .	86.5	77.1	74.7	61.3
Prepayments . . . . .	10.0	5.7	5.6	2.2
Corporation Tax Recoverable . . . . .	1.2	1.2	—	—
	<u>116.3</u>	<u>94.9</u>	<u>98.1</u>	<u>72.8</u>

Included in Other Debtors is an interest free loan to Mr. R. P. Whitbread, which was made before his appointment as a Director. The amount outstanding at 16th March 1991 amounted to £7,000, £8,000 having been repaid during the year.

Note 7 **ACT Recoverable**

The advance corporation tax (ACT) is recoverable by set off against corporation tax payments in future periods of which £0.9 million (1990: £5.4 million) is recoverable in more than one year.

Note 8 Creditors

	Group		Company	
	1991 £m	1990 £m	1991 £m	1990 £m
<b>Due within one year</b>				
Bank Loans and Overdrafts . . . . .	32.6	236.2	—	207.1
Unpresented Cheques . . . . .	126.4	125.2	85.8	80.2
Short Term Notes . . . . .	30.0	—	30.0	—
5% Guaranteed Notes 1991 . . . . .	17.3	—	—	—
9% Notes 1991 . . . . .	112.8	—	—	—
Unsecured Loan Notes . . . . .	4.1	24.6	—	3.7
Current portion of long term indebtedness, including finance leases . . . . .	2.1	2.7	—	—
Trade Creditors . . . . .	556.4	481.1	484.5	410.1
Corporation Tax . . . . .	142.8	120.9	137.5	117.6
Social Security Costs and Other Taxes . . . . .	29.0	14.8	18.7	11.0
Other Creditors . . . . .	223.4	213.2	199.3	177.7
Accruals . . . . .	64.1	67.0	21.5	21.5
Amounts owed to Subsidiaries . . . . .	—	—	144.7	9.6
Amounts owed to Associate . . . . .	5.1	0.7	5.1	0.7
Proposed Dividend (Note 25) . . . . .	83.3	65.9	83.3	65.9
	<b>1,429.4</b>	<b>1,352.3</b>	<b>1,210.4</b>	<b>1,105.1</b>

The 5% Notes and the 9% Notes 1991 have both been issued by J Sainsbury (Finance) B.V., guaranteed by the Parent Company and mature in October and November 1991 respectively. The proceeds of both borrowings were lent to the Parent Company by J Sainsbury (Finance) B.V.

The 5% Notes represent a borrowing of Yen 5,000 million, which has been converted into \$32 million bearing interest of 7.7% by a currency and interest rate swap.

The 9% Notes represent a borrowing of \$200 million, which has been converted into a liability of £58.6 million and \$100 million by a currency swap. Both borrowings bear interest at a margin below the relevant LIBOR rate.

The Unsecured Loan Note issued by a Subsidiary Company is interest free.

The amount owed to an Associate bears interest at National Westminster Bank PLC base rate.

	Group		Company	
	1991 £m	1990 £m	1991 £m	1990 £m
<b>Due after one year</b>				
First Mortgage Debentures . . . . .	1.4	1.6	1.4	1.6
Secured Loans . . . . .	6.8	8.7	—	—
Term Bank Loans . . . . .	—	2.5	—	—
Unsecured Loan Notes . . . . .	16.4	23.8	—	3.9
5% Guaranteed Notes 1991 . . . . .	—	19.8	—	—
9% Notes 1991 . . . . .	—	120.4	—	—
10% Notes 1993 . . . . .	100.0	100.0	100.0	100.0
9% Notes 1996 . . . . .	81.9	92.3	81.9	92.3
12% Notes 1995 . . . . .	100.0	—	100.0	—
8% Irredeemable Unsecured Loan Stock . . . . .	2.9	2.9	2.9	2.9
Finance Leases . . . . .	57.1	41.1	—	—
Loan to Homebase Limited from minority shareholder . . . . .	12.5	11.5	—	—
Amount due to Subsidiary Company . . . . .	—	—	350.0	292.3
Other Creditors . . . . .	7.0	7.2	—	—
	<b>386.0</b>	<b>431.8</b>	<b>636.2</b>	<b>493.0</b>

The mortgage debentures comprise £0.5 million 7% stock 1987/92 and £0.9 million 6% 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 16th March 1991 have been met in this way. The value of debenture stock redeemed between 17th March 1991 and 14th May 1991 amounted to £133,000. The mortgage debenture stocks are secured on certain of the Group's freehold and leasehold properties.

Note 8 **Creditors – continued**

The secured loans and unsecured loan notes comprise US dollar borrowings of an Overseas Subsidiary. Repayment and interest terms, which vary with each loan, require a combination of annual instalments and balloon repayments with interest rates ranging from 4.8% to 16%.

The 9% Notes represent \$150 million repayable in October 1996.

During the year the Company issued £100 million 12% Notes 1995, to refinance existing borrowings and support further expansion of the Group. The issue has been swapped into floating rate funds at a margin below LIBOR subject to a minimum interest rate payable of 10%.

The loans to Homebase Limited are unsecured loans for terms of 5 years and bear interest at 1% above base rate. Subsequent to the date of the Balance Sheet, the Company has issued \$150 million 8% Bonds 1996 to refinance existing borrowings and for the general purposes of the Group.

Note 9 **Term Loans**

	Group		Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Due after one and within two years:				
Bank and Other Loans . . . . .	117.3	148.2	111.2	142.4
Leases . . . . .	0.9	0.4	—	—
Due after two and within five years:				
Bank and Other Loans . . . . .	134.8	128.6	112.7	120.1
Leases . . . . .	2.4	1.7	—	—
Due wholly or in part by instalments after five years:				
Bank and Other Loans . . . . .	69.8	11.4	—	—
Leases . . . . .	53.8	39.1	—	—
Due otherwise than by instalments after five years:				
Bank and Other Loans . . . . .	—	95.2	412.3	230.5
Other Creditors . . . . .	7.0	7.2	—	—
	<b>386.0</b>	<b>431.8</b>	<b>636.2</b>	<b>493.0</b>

Note 10 **Deferred Tax**

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

	Group				Company			
	1991		1990		1991		1990	
	Total £m	Provision £m	Total £m	Provision £m	Total £m	Provision £m	Total £m	Provision £m
Timing differences between depreciation and capital allowances . . . . .	112.7	6.2	103.3	—	96.6	—	95.3	—
Other timing differences . . . . .	(2.6)	(2.6)	3.9	3.9	(4.7)	(4.7)	(2.0)	(2.0)
	<b>110.1</b>	<b>3.6</b>	<b>107.2</b>	<b>3.9</b>	<b>91.9</b>	<b>(4.7)</b>	<b>93.3</b>	<b>(2.0)</b>

**Note 11 Minority Interests**

	1991 £m	1990 £m
Outside interests in J Sainsbury (Channel Islands) Limited . . . . .	200.0	—
Equity interest in Homebase Limited . . . . .	10.9	11.3
	<u>210.9</u>	<u>11.3</u>

J Sainsbury (Channel Islands) Limited, a wholly owned Subsidiary Company, issued on 19th November 1990 £200 million 8½% Convertible Capital Bonds 2005. 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.

These Bonds are convertible at any time after 29th December 1990 and prior to 12th November 2005 and redeemable at their paid-up value or exchangeable for ordinary shares in the Company at the prescribed price of 343p.

The Subsidiary Company is entitled to require conversion on or after 20th November 1995 in certain circumstances or if 80% of the Capital Bonds have been exchanged.

**Note 12 Called Up Share Capital**

	Number Allotted Fully paid shares	Aggregate Nominal Value £m	Consideration £
Ordinary Shares of 25p each Authorised – 1,700,000,000 shares		425.0	
At 17th March 1990 . . . . .	1,514,556,311	378.6	
Shares allotted:			
Savings-Related Share Option Schemes . . . . .	3,828,746	1.0	5,890,226
Executive Share Option Schemes . . . . .	4,141,804	1.0	8,416,381
Profit Sharing Scheme . . . . .	4,632,000	1.1	12,645,360
Conversion of 5% Capital Bonds as at 16th March 1991 . . . . .	1,026,715	0.3	2,689,993
At 16th March 1991 . . . . .	<u>1,528,185,576</u>	<u>382.0</u>	<u>29,641,960</u>

If all the remaining 5% Convertible Capital Bonds 2004 are converted into ordinary shares then 56,225,191 ordinary shares with an aggregate nominal value of £14,056,297 will be issued at a consideration of £147,310,000 (see Note 16).

Contingent rights to the allotment of 58,309,038 ordinary shares in the Company at 343p exist until 19th November 2005 under the terms of the issue of £200,000,000 8½% Convertible Capital Bonds 2005 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 16th March 1991 were as follows:

**(a) Savings-Related Share Options**

Date of Grant	Price	Options outstanding at the end of the year	
		1991	1990
28th October 1983 . . . . .	96.75p	—	1,068
7th December 1984 . . . . .	128p	1,270	1,285,114
9th December 1985 . . . . .	163p	1,000,855	3,721,984
10th November 1986 . . . . .	184p	3,412,012	3,675,350
9th November 1987 . . . . .	248p	2,866,812	3,157,109
14th November 1988 . . . . .	179p	4,000,986	4,414,831
9th January 1990 . . . . .	208p	6,916,628	7,314,698
19th December 1990 . . . . .	240p	7,316,268	—
		<u>25,514,831</u>	<u>23,570,154</u>

Note 12 **Called Up Share Capital – continued**

**(b) Executive Share Options**

Date of Grant	Price	Options outstanding at the end of the year	
		1991	1990
16th January 1984 . . . . .	119p	—	287,540
28th January 1985 . . . . .	158p	214,500	684,494
16th September 1985 . . . . .	169p	15,436	42,048
14th July 1986 . . . . .	196p	1,374,106	3,189,408
9th March 1987 . . . . .	241.5p	90,606	132,286
13th July 1987 . . . . .	285p	2,813,372	3,345,988
9th February 1988 . . . . .	220p	3,512,870	4,518,964
31st July 1989 . . . . .	276p	5,239,935	5,258,618
28th February 1991 . . . . .	326p	5,528,604	—
		<u>18,789,429</u>	<u>17,459,346</u>

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

Note 13 **Share Premium Account**

	Company £m
Balance 17th March 1990 . . . . .	193.8
Premium on shares allotted during the year . . . . .	26.2
Expenses of capital issues . . . . .	(2.0)
Balance 16th March 1991 . . . . .	<u>218.0</u>

Note 14 **Revaluation Reserve**

	Group and Company £m
Balance 17th March 1990 . . . . .	20.3
Transfer to Profit and Loss Account in respect of property disposals during the year (Note 15) . . . . .	(0.4)
Balance 16th March 1991 . . . . .	<u>19.9</u>

Note 15 **Profit and Loss Account**

	Group £m	Subsidiaries £m	Associates £m	Company £m
Balance 17th March 1990 . . . . .	812.8	65.0	7.5	740.3
Profit retained for the year . . . . .	240.0	21.2	(0.1)	218.9
Transfer from Revaluation Reserve (Note 14) . . . . .	0.4	—	—	0.4
Currency Movements . . . . .	2.3	(12.0)	—	14.3
Haverhill Meat Products Limited: Goodwill . . . . .	(3.1)	—	—	(3.1)
Balance 16th March 1991 . . . . .	<u>1,052.4</u>	<u>74.2</u>	<u>7.4</u>	<u>970.8</u>

The cumulative goodwill written off against the reserves of the Group as at 16th March 1991 amounted to £143.1 million.

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 £334.1 million (1990: £297.3 million).



**Note 16 5% Convertible Capital Bonds 2004**

During the year £2,690,000 of these Bonds, which were issued at a price of £5,000 each and guaranteed on a subordinated basis by J Sainsbury plc, have been converted and exchanged into ordinary shares of J Sainsbury plc.

On 23rd April 1991, the issuer, J Sainsbury (Capital) Limited a wholly owned Subsidiary Company, gave the required conversion and redemption notice in respect of the outstanding Bonds to take effect on 24th June 1991. At the date of approval of the accounts holders of 24,166 of the remaining Bonds had opted to convert and exchange into 46,118,285 ordinary shares of J Sainsbury plc at the prescribed price of 262p. Consequently all the remaining 5% Bonds have been reclassified appropriately in the Balance Sheet and the comparative figure adjusted.

**Note 17 Group Sales and Operating Profit**

	Group	
	1991	1990
	£m	£m
Group sales, inclusive of VAT and sales taxes, arose from retailing in the following geographic markets:		
United Kingdom . . . . .	7,231.7	6,211.2
United States . . . . .	968.8	1,045.8
	<u>8,200.5</u>	<u>7,257.0</u>
Operating Profit comprises:		
United Kingdom . . . . .	554.8	437.2
United States . . . . .	30.2	33.5
	<u>585.0</u>	<u>470.7</u>
Net margin on tax inclusive sales:		
United Kingdom . . . . .	7.67%	7.04%
United States . . . . .	3.12%	3.20%
	<u>7.13%</u>	<u>6.49%</u>
Net margin on tax exclusive sales:		
United Kingdom . . . . .	8.10%	7.42%
United States . . . . .	3.15%	3.22%
	<u>7.49%</u>	<u>6.79%</u>

**Note 18 Net Interest Payable**

	Group	
	1991	1990
	£m	£m
Interest receivable . . . . .	79.3	77.7
Interest payable:		
Bank and Other Interest on loans wholly repayable within five years . . . . .	127.9	134.2
Interest on loans payable by instalments within five years . . . . .	1.8	1.8
On loans not wholly repayable within five years		
12% Notes . . . . .	9.6	—
9% Notes . . . . .	7.3	3.9
Debenture Interest . . . . .	0.1	—
Loan Stock Interest . . . . .	0.2	0.2
Other Loans payable by instalments . . . . .	1.3	1.3
Finance Leases . . . . .	5.1	3.9
Convertible Capital Bonds . . . . .	13.0	6.8
	<u>166.3</u>	<u>152.1</u>
Interest Capitalised	51.4	56.6
	<u>114.9</u>	<u>95.5</u>
	<u>35.6</u>	<u>17.8</u>

**Note 19 Profit Sharing**

The amount due to UK retail employees under the Profit Sharing Scheme is calculated on the UK operating profits less UK interest but excluding the other operating income, of participating companies. 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 £524.8 million. £40.8 million has been provided for the profit fund and £3.2 million for Employers National Insurance.

**Note 20 Other Operating Income (including property profits)**

	Group	
	1991	1990
	£m	£m
Surplus on sale and leaseback of properties . . . . .	12.6	33.9
Profit on disposal of the business and net assets of Palethorpes Limited . . . . .	5.1	—
Less: Amounts written off land and buildings . . . . .	5.2	3.2
	12.5	30.7

**Note 21 Profit on Ordinary Activities before Tax**

	Group	
	1991	1990
	£m	£m
This has been arrived at after charging:		
Depreciation – owned assets . . . . .	123.6	102.5
– finance leases . . . . .	1.8	0.9
Pension Costs . . . . .	35.0	32.7
Directors' Emoluments (Fees nil–Note 23) . . . . .	2.7	2.3
Auditors' Remuneration . . . . .	0.4	0.4
Pensions to former Directors . . . . .	0.1	0.1
Operating Lease Rentals – plant and equipment . . . . .	5.5	1.7
– other . . . . .	80.3	60.8

**Note 22 Employees**

	Group	
	1991	1990
	£m	£m
Employees' remuneration and related costs during the year amounted to:		
Wages and Salaries . . . . .	748.4	641.2
Social security costs . . . . .	51.8	43.7
Other pension costs . . . . .	35.0	32.7
	835.2	717.6
Employees' Profit Sharing Scheme . . . . .	44.0	33.8
	879.2	751.4
	1991	1990
The weekly average number of employees during the year was:		
Full-time . . . . .	41,816	38,089
Part-time . . . . .	67,171	61,912
	108,987	100,001
Full-time equivalent . . . . .	70,848	65,309

**Note 23 Directors' Remuneration**

	<b>1991</b>	1990			
	<b>£'000</b>	£'000			
Chairman . . . . .	<b>189</b>	175			
Highest paid Director . . . . .	<b>217</b>	220			
Remuneration of all Directors fell within the following ranges:					
	<b>1991</b>	1990	<b>1991</b>	1990	
£ 10,001-£ 15,000 . . . . .	<b>1</b>	1	£140,001-£145,000 . . . . .	<b>2</b>	2
£ 15,001-£ 20,000 . . . . .	<b>2</b>	2	£155,001-£160,000 . . . . .	<b>2</b>	-
£ 55,001-£ 60,000 . . . . .	<b>-</b>	1	£160,001-£165,000 . . . . .	<b>1</b>	2
£ 60,001-£ 65,000 . . . . .	<b>1</b>	-	£165,001-£170,000 . . . . .	<b>1</b>	1
£ 70,001-£ 75,000 . . . . .	<b>1</b>	-	£175,001-£180,000 . . . . .	<b>-</b>	1
£100,001-£105,000 . . . . .	<b>-</b>	1	£185,001-£190,000 . . . . .	<b>2</b>	1
£105,001-£110,000 . . . . .	<b>1</b>	-	£195,001-£200,000 . . . . .	<b>1</b>	-
£110,001-£115,000 . . . . .	<b>1</b>	-	£200,001-£205,000 . . . . .	<b>1</b>	-
£115,001-£120,000 . . . . .	<b>-</b>	3	£215,001-£220,000 . . . . .	<b>1</b>	-
£125,001-£130,000 . . . . .	<b>-</b>	1	£220,001-£225,000 . . . . .	<b>-</b>	1
£130,001-£135,000 . . . . .	<b>2</b>	1			

**Note 24 Tax on Profit on Ordinary Activities**

	<b>1991</b>	1990
	<b>£m</b>	£m
The tax charge for the year is:		
Corporation tax at 34% (1990: 35%) . . . . .	<b>151.4</b>	128.4
Deferred tax . . . . .	<b>2.9</b>	-
Overseas tax . . . . .	<b>8.7</b>	11.3
Share of Associates' tax . . . . .	<b>0.4</b>	0.8
	<b>163.4</b>	140.5

After deducting tax relief of £17.5 million on interest capitalised the net amount of corporation tax of £133.9 million is payable in December 1991.  
The Company is not a Close Company under the terms of the Income and Corporation Taxes Act 1988.

**Note 25 Dividends**

	<b>Company</b>	
	<b>1991</b>	1990
	<b>£m</b>	£m
Interim . . . . .	<b>31.9</b>	26.5
Proposed final . . . . .	<b>83.3</b>	65.9
	<b>115.2</b>	92.4

The interim dividend of 2.1p per share, paid on 11th January 1991, together with the related tax credit, is equal to 2.8p and the proposed final dividend of 5.25p per share, together with the related tax credit, is equal to 7.0p.

**Note 26 Future Capital Expenditure**

	<b>Group</b>	
	<b>1991</b>	1990
	<b>£m</b>	£m
Contracted for but not provided for in the accounts . . . . .	<b>453.7</b>	272.7
Authorised but not contracted for to date by Board of Directors . . . . .	<b>430.8</b>	570.5

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**Note 27 Contingent Liabilities and Financial Commitments**

The Group has guaranteed facilities for Associates to the extent of £4.8 million (1990: £4.0 million) at the date of approval of these accounts. Other contingent liabilities amounted to £1.4 million (1990: £2.0 million) at that date.

The Company has guaranteed the borrowings of certain Subsidiary Companies which, at 16th March 1991, amounted to £483.7 million (1990: £317.3 million).

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

	<b>£m</b>
<b>Land and Buildings</b>	
Leases which expire within the year . . . . .	<b>0.5</b>
Leases which expire within 2-5 years . . . . .	<b>0.8</b>
Leases which expire after 5 years . . . . .	<b>91.5</b>
<b>Other Leases</b>	
Leases which expire within the year . . . . .	<b>0.5</b>
Leases which expire within 2-5 years . . . . .	<b>5.0</b>

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**Note 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. The costs are assessed on the advice of independent qualified actuaries.

The latest actuarial valuation of the UK Scheme was carried out by independent qualified actuaries as at 19th March 1988, using the entry age method. The significant actuarial assumptions used in the valuation were that future investment returns would be 10% per annum, future salary and wage increases would average 7% per annum and pensions in course of payment would increase at 5% per annum.

At the date of the latest actuarial valuation 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, allowing for expected future increases in earnings. The surplus is being amortised over the expected working life of the existing members.

Since the last actuarial valuation, the Trustees of the scheme have requested the actuaries carry out a review of its funding in the light of the membership of the scheme and the legal framework in which it operates. During the year the Trustees have agreed to adopt the projected unit method of funding. The Group's pension costs have been calculated in accordance with this change in funding method. Of the total pension costs of the Group, £30.7 million (1990: £28.7 million) relates to the UK Scheme.

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.

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## A U D I T O R S ' R E P O R T

**To the Members of J Sainsbury plc**

We have audited the Financial Statements on pages 36 to 50 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 16th March 1991 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 1991

## FINANCIAL CALENDAR

### 1 Dividend and Interest Payments

Ordinary Dividend	Interim . . . . .	announced November . . . . .	paid January
	Final . . . . .	proposed May . . . . .	paid July
7½% First Mortgage Debenture Stock 1987/92 . . . . .		7th March . . . . .	7th September
6½% First Mortgage Debenture Stock 1988/93 . . . . .		31st May . . . . .	30th November
5½% Guaranteed Notes 1991 . . . . .		5th November	
10½% Notes 1993 . . . . .		7th January	
8% Irredeemable Unsecured Loan Stock . . . . .		1st March . . . . .	1st September
9% Guaranteed Notes 1991 . . . . .		4th October	
9% Notes 1996 . . . . .		2nd October	
8% Convertible Capital Bonds 2005 . . . . .		6th March . . . . .	6th September
12½% Notes 1995 . . . . .		1st March	
8% Bonds 1996 . . . . .		9th May	

### 2 Other dates – Financial Year 1991/92

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

## SHAREHOLDERS' INTERESTS

16th March 1991

Number of Shareholders: **64,600** (1990: 64,702)

Shareholdings Range	Shareholders %		Shares %	
	1991	1990	1991	1990
500 and under . . . . .	<b>25.74</b>	24.77	<b>0.32</b>	0.32
501 to 1,000 . . . . .	<b>20.87</b>	20.42	<b>0.72</b>	0.72
1,001 to 10,000 . . . . .	<b>48.95</b>	50.31	<b>5.69</b>	5.92
10,001 to 100,000 . . . . .	<b>3.50</b>	3.61	<b>3.80</b>	3.97
100,001 to 1,000,000 . . . . .	<b>0.68</b>	0.64	<b>9.08</b>	9.00
and over 1,000,000 . . . . .	<b>0.26</b>	0.25	<b>80.39</b>	80.07
	<b>100.00</b>	100.00	<b>100.00</b>	100.00

Category of Shareholders	Shareholders %		Shares %	
	1991	1990	1991	1990
Pension Funds . . . . .	<b>0.11</b>	0.14	<b>5.67</b>	6.65
Insurance Companies . . . . .	<b>0.65</b>	0.65	<b>6.87</b>	7.03
Investment Trusts . . . . .	<b>0.14</b>	0.16	<b>0.25</b>	0.28
Banks and Nominee Companies . . . . .	<b>8.93</b>	8.26	<b>25.72</b>	23.50
Other Corporate Bodies . . . . .	<b>1.92</b>	2.70	<b>5.51</b>	14.65
Other Shareholders . . . . .	<b>88.25</b>	88.09	<b>55.98</b>	47.89
	<b>100.00</b>	100.00	<b>100.00</b>	100.00

At the year end the Trustees of the Profit Sharing Scheme held 20,670,806 shares (1990: 19,443,449) on behalf of 30,821 participants (1990: 24,785) 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 Thursday, 4th July 1991 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 16th March 1991 and the Report of the Auditors thereon.

2 To declare a final dividend on the ordinary shares.

3 To re-appoint Mr. G. C. Hoyer Millar a Director.

4 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 Resolutions set out below, of which Resolutions 5 and 6 will be proposed as Ordinary Resolutions and Resolutions 7 and 8 as Special Resolutions.

5 That the Authorised Share Capital of the Company be increased from £425,000,000 to £500,000,000 by the creation of 300,000,000 additional ordinary shares of 25p each ranking *pari passu* with the existing ordinary shares.

6 That:

(a) subject to the variation contained in paragraph (b) of this Resolution, the authority conferred on the Directors by paragraph (A) of Article 9 of the Articles of Association of the Company (being the authority to allot relevant securities) be and is hereby renewed for the period of five years from the date of the passing of this Resolution; and

(b) the maximum amount referred to in paragraph (A) of Article 9 of the Articles of Association of the Company (being the aggregate nominal amount of relevant securities which the Directors are authorised to allot) be and is hereby increased from £43,400,000 to £107,000,000.

7 That subject to the passing of Resolution 6:

(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 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 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 £19,500,000 (being approximately 5% of the issued share capital of the Company).

8 That subject to the passing of Resolutions 2, 5 and 6:

(a) the Directors be and are hereby authorised to exercise the power contained in Article 130 of the Articles of Association of the Company to offer to each holder of ordinary shares in the capital of the Company the option to elect not to participate in the dividend referred to in Resolution 2 above and any subsequent dividend which the Directors may resolve to pay between the date of the passing of this Resolution and the date of the next following Annual General Meeting of the Company and to receive instead ordinary shares credited as fully paid on the terms set out in the Chairman's letter to shareholders dated 11th June 1991 or (in respect of any such subsequent dividend) on such terms as may be determined by the Board; and

(b) for the purposes of any issue of ordinary shares in the capital of the Company referred to in paragraph (a) of this Resolution the Directors be and are hereby authorised to appropriate out of the undistributed profits or reserves of the Company (including share premium account) such amount as shall be required to pay up in full (including any premium) any ordinary shares to be allotted pursuant to paragraph (a) of this Resolution and shall capitalise such amount and apply it in paying up in full the appropriate number of ordinary shares required to be allotted and issued to those shareholders who elect not to participate in all or any of the dividend referred to in Resolution 2 and any subsequent dividend referred to in paragraph (a) of this Resolution and instead to receive an issue of ordinary shares, such ordinary shares to be allotted, issued and distributed in the proportions provided for by Article 130 of the Articles of Association.

By Order of the Board

**N. F. Matthews**  
Secretary

11th June 1991

## 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.**

## REGISTERED OFFICE AND ADVISERS

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### **Registered Office**

J Sainsbury plc  
Stamford House, Stamford Street, London SE1 9LL  
Registered Number 185647

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### **Registrars**

National Westminster Bank PLC  
Registrar's Department, PO Box No 82  
Caxton House, Redcliffe Way, Bristol BS99 7NH

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### **Auditors**

Clark Whitehill  
25 New Street Square, London EC4A 3LN

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### **Solicitors**

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

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### **Stockbrokers**

Rowe & Pitman Ltd  
1 Finsbury Avenue, London EC2M 2PA



Welcome to

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Coke