

# SAINSBURY'S

ANNUAL REPORT & ACCOUNTS  
1993



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## 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.

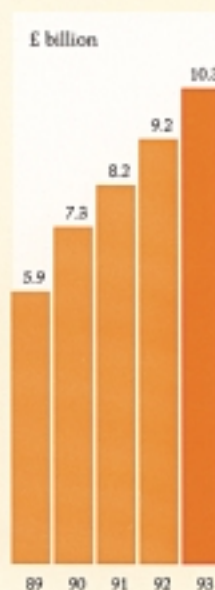
To offer our staff outstanding opportunities in terms of personal career development and in remuneration relative to other companies in the same market, practising always a concern for the welfare of every individual.

To generate sufficient profit to finance continual improvement and growth of the business whilst providing our shareholders with an excellent return on their investment.

## FINANCIAL HIGHLIGHTS

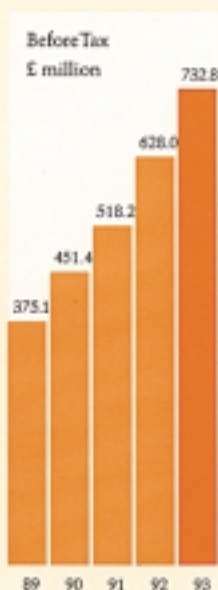
£ million	1993 52 weeks to 13th March	1992 52 weeks to 14th March	% Change
UK Sales . . . . .	9,179.1	8,159.2	12.5
US Sales . . . . .	1,090.6	1,043.1	4.6
<b>Group Sales . . . . .</b>	<b>10,269.7</b>	<b>9,202.3</b>	<b>11.6</b>
UK Operating Profit . . . . .	766.4	645.4	18.8
US Operating Profit . . . . .	18.6	20.6	(9.9)
<b>Group Operating Profit . . . . .</b>	<b>785.0</b>	<b>666.0</b>	<b>17.9</b>
Associates . . . . .	(0.4)	1.2	
Profit Sharing . . . . .	(58.6)	(49.4)	
Loss on sale of properties . . . . .	(2.4)	(2.5)	
Group Profit before Interest . . . . .	723.6	615.3	17.6
Net Interest Receivable . . . . .	9.2	12.7	
<b>Group Profit before Tax . . . . .</b>	<b>732.8</b>	<b>628.0</b>	<b>16.7</b>
Taxation . . . . .	228.8	184.5	
Group Profit after Tax . . . . .	504.0	443.5	13.7
<b>Earnings per Share . . . . .</b>	<b>28.47p</b>	<b>25.69p</b>	<b>10.8</b>
<b>Dividend per Share . . . . .</b>	<b>10.00p</b>	<b>8.75p</b>	<b>14.3</b>

## GROUP SALES



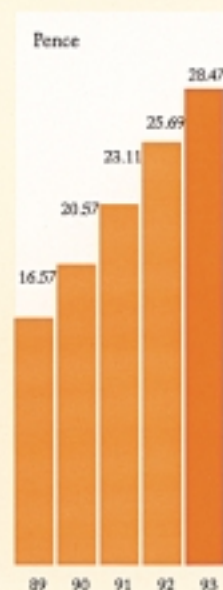
Group sales increased by £1.1 billion (11.6%) to exceed £10 billion.

## GROUP PROFIT



Group profit increased by 16.7% to £732.8 million.

## EARNINGS PER SHARE



Earnings per share increased by 10.8% to 28.47 pence.



The Chairman, David Sainsbury, talking to customers at the bakery counter of our Staines store.  
We now have 257 branches with in-store bakeries.

## CHAIRMAN'S STATEMENT

Sainsbury's has always been inspired by a passion for quality and innovation, and a commitment to providing outstanding value for money to our customers. These continuing objectives have enabled us to grow and prosper in fiercely competitive retail sectors, whatever the market conditions. In this my first annual statement as your Chairman, I am pleased to report that Sainsbury's has again achieved an outstanding performance, and that we have increased our lead over our principal competitors.

Group profit before tax increased by 16.7% to £732.8 million and Group sales exceeded £10 billion for the first time. Sainsbury's and our retail subsidiaries now serve over ten million customers each week, and our increasing sales and market shares testify to our success in providing quality and value. We benchmark our performance, our skills and our technology against the best food retailers in the world, and we believe that we are at the leading edge of world food retailing.

We continue to invest for the future. Group capital investment totalled £787 million and Group return on capital employed remained stable at 21.5%, a satisfactory level in view of the scale of our investment programme. At the end of the year net Group borrowing amounted to 18.7% of shareholders' funds. This low level of gearing places us in a very strong financial position for the future.

### RETAIL PERFORMANCE

Sales in Sainsbury's supermarkets and Savacentre hypermarkets increased by 12.6% to £8.9 billion, and market share grew by 0.7 percentage points to 11.3%. This increase in sales was achieved at a time when sales inflation of 2.5% was at its lowest level for six years.

New stores performed well and, net of closures, contributed just over two-thirds of the total sales increase. Sales in existing stores grew by 3.8% reflecting the value of the Sainsbury's offer and the extension of Sunday shopping. Sainsbury's price competitiveness improved during the period and on average the prices paid by our customers were over 2% less than they would have paid in other large supermarket retailers.

Operating profit for Sainsbury's and Savacentre increased by 19.1% to £752.2 million as a result of strong sales and a tight control of costs. Sales per full-time equivalent employee increased by 6.3% while, at the same time, customer service standards were improved. We see many opportunities for improving the performance of the business and in the next two years we will enhance our efficiency and customer service by implementing several major new computer systems.

Homebase achieved considerable success in highly competitive market conditions. Homebase's sales increased by 9.8% to £283 million and operating profit by 16.3% to £17.8 million. Seven new stores opened in the year, and the total number of Homebase stores increased to 70.

Shaw's suffered adversely from the continuing recession in the New England economy now in its third year, and its profitability was also affected by the costs of new developments which will aid growth in the longer term. Shaw's sales increased by 2% to \$1.85 billion while operating profits fell by 11.9% to \$31.5 million. In the second half, Shaw's sales increased by 4% and operating profits were at the same level as in the previous year. The benefits of our investment in Shaw's own brand and new systems are now becoming evident, and seven new stores were opened during the year.

## DEVELOPMENT FOR THE FUTURE

Expenditure on new Sainsbury supermarket developments accounted for three-quarters of Group capital investment and, due to our high level of expenditure in recent years, 43% of the sales area of Sainsbury supermarkets is now less than five years old. We opened 23 new supermarkets in the year and closed eight older stores, giving a net increase in sales area of 671,000 square feet or 8.8%. In view of the many opportunities for development, and our requirement for over 150 new and replacement stores, we envisage maintaining a similar number of store openings for the foreseeable future. The acquisition of new sites in Scotland is progressing well.

Our new supermarkets not only provide customers with better facilities, a wider range of products and greater accessibility than older stores, but are also more efficient and profitable. Each proposed new store development undergoes rigorous appraisal before we proceed and our investment has achieved consistently good returns. We also continue to enhance and refurbish existing stores and, in the past year, over £50 million was invested in this activity.

We are devoting an increasing proportion of Group capital expenditure to the development of our retail subsidiaries. In the past year Homebase, Savacentre and Shaw's invested £99 million compared to £65 million in the previous year. These companies all benefit from the Group's expertise in logistics, systems, buying and own label development.

## THE VALUE OF THE SAINSBURY BRAND

A great strength of the business is the reputation of the Sainsbury brand for quality and value. This derives

from our commitment to the development of innovative new products, to the continued review and improvement of existing products, and to a high level of quality in all our operations. It is this commitment that sustains our reputation and results in Sainsbury brand products accounting for two-thirds of our sales. They typically offer a price advantage of more than 15% over the best proprietary alternatives, and enable us to compete very effectively against chains which depend on discount prices. During the year over 1,400 new products were introduced and over 1,000 existing lines were redesigned or reformulated. A review of some of these developments appears on pages 10 to 13 of this report. A similar commitment to own brand is now leading to benefits at Savacentre, Homebase and Shaw's where, in total, 2,350 new lines were introduced during the year.



The wide range of awards Sainsbury's received last year included Brand of the Year and two BAFTAs for our advertising, as well as awards for arts sponsorship, construction and design, packaging, products and training.

We have a wide range of suppliers. Many are large multi-national companies, but an increasing number are very small companies which also provide us with excellent products. We share with our suppliers a strong interest in fostering a prosperous and dynamic supply base. The Product Management System we have designed for our suppliers and our Partnership in Livestock scheme illustrate how we are working with them to improve product quality. I would like

to thank all our suppliers for their commitment to quality and the excellent service they give us.

We currently obtain from UK suppliers over 90% of the food products that are available from indigenous sources. We welcome the Government initiatives to stimulate exports and to encourage higher standards of UK food production. We believe much still needs to be done to ensure that supply is driven by the needs of the market



## GOOD FOOD COSTS LESS AT SAINSBURY'S



Checkouts at our Fosse Park, Leicester, branch are linked to a computer screen at the Customer Services desk, allowing supervisory staff to respond more swiftly to customer service requests. This will gradually be introduced into most stores.

place, and we will continue with our long-standing policy of working with producers to achieve this goal.

### SUNDAY SHOPPING

We continue to press the Government to introduce their promised bill to resolve the uncertainty concerning Sunday shopping. Surveys consistently show that over two-thirds of people want to shop freely on Sunday, and over a million do so currently every Sunday in our UK stores. Any new legislation must command popular support, be easy to understand and enforce, and protect the rights of shopworkers. We support the Shopping Hours Reform Council's proposals which include restricting large stores to opening for six hours, while allowing small shops to open at any time. We believe this best reflects the views of the British people, and is the best available option.

### THE RETIREMENT OF LORD SAINSBURY KG

In November 1992, Lord Sainsbury retired after 23 years as Chairman. During this period he transformed the Company from a medium-sized regional grocer into an international retail chain. His greatest achievement, however, was to anticipate unerringly the rapidly changing needs of customers and to set new standards of quality and efficiency both for the Company and the whole food retailing industry. I would like to pay tribute to his inspired leadership of the Company, his dedication to quality, and his constant search for perfection in all areas of the business.

### BOARD CHANGES

In November 1992, Mr Tom Vyner was appointed Deputy Chairman, in addition to his role as Joint Managing Director.

In February 1993, Mr Cecil Roberts retired as a Director. During his 17 years as one of the Board Directors responsible for buying he was involved in almost every product area. He made a major contribution in all of them and worked tirelessly to maintain the quality standards which are the foundation of the business. He was replaced on the Board by Mr David Clapham, who joined Sainsbury's in 1964, and who was previously Managing Director of Savacentre.

At the AGM this year Mr Joe Barnes will be retiring after three years as a Non-Executive Director, having served on the Board as an Executive Director for 21 years, the last two and a half as Joint Managing Director. During his long career on the Board he made an outstanding contribution to the Company, and we will miss his trading skills and his great knowledge of the retail trade.

In the past year two new Non-Executive Directors have joined the Board. Sir Terence Heiser joined the Board in October 1992, after a long and distinguished career in the Civil Service, having been Permanent Secretary to the Department of the Environment from 1985 until June 1992. In March 1993, Dr John Ashworth joined the Board. He is currently Director of the London School of Economics, having previously been Vice Chancellor of the University of Salford and Chief Scientist of the Central Policy Review Staff. They will both bring a wealth of experience to the Board.

#### CORPORATE GOVERNANCE

In December the Cadbury Committee published its final report on Financial Aspects of Corporate Governance. Sainsbury's practices were already largely in line with its recommendations. The Board has, however, carried out a review and has made a number

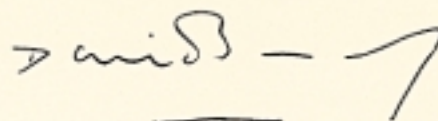
of changes to formal committee structures and terms of reference so that the Company now fully complies with the Code. The membership of the Audit and Remuneration and Nomination Committees is shown on page 35. In line with the Code of Best Practice, the Board has designated the Chairman of the Audit Committee as the senior Non-Executive Director.

#### THANKS TO STAFF

I particularly want to thank all our staff for their commitment to the business and for their hard work in a year of rapid change. The skill of our staff, and their dedication to providing our customers with the highest possible levels of quality, service and value, are the foundation of our success.

I believe strongly that we will attain the highest standards of quality and efficiency only if we fully involve all our staff. I am committed, therefore, to ensuring that staff at all levels have access to appropriate education and training opportunities, have guidance on their future careers from management, and have the chance to see their ideas and suggestions put into practice. A major review of all our training has taken place this year, and a new career guidance system has been trialled. We promote solely on the basis of merit and encourage all staff to take up educational and training opportunities, and it has been extremely pleasing in recent years to see an increase in the number of women in management.

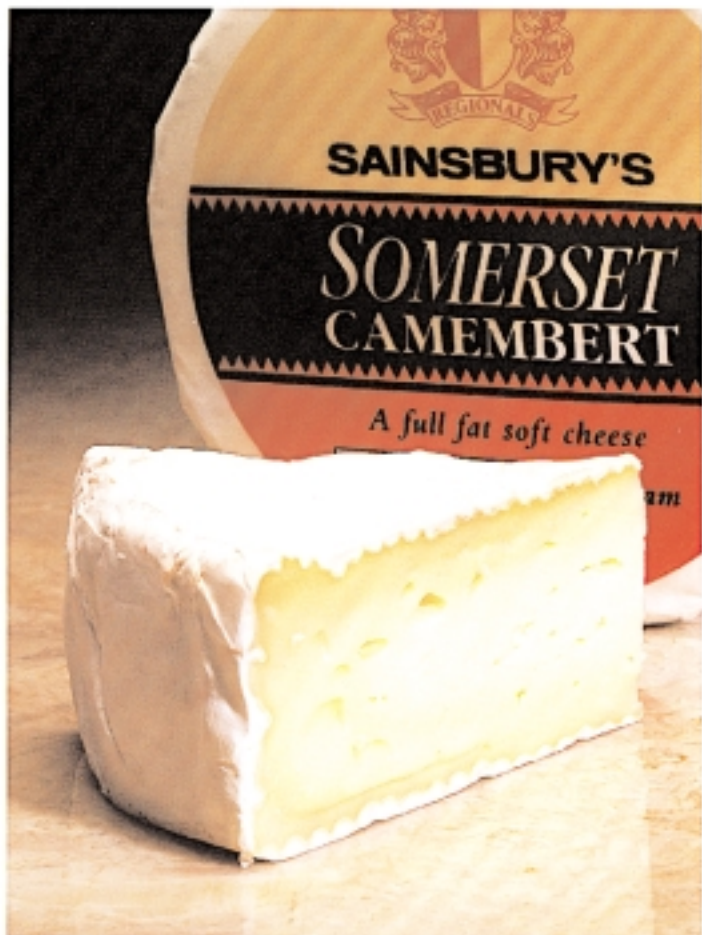
In a dynamic and highly competitive market we need constantly to innovate whilst maintaining the traditional values on which the business has been built. I am confident that under our new top management team, and with the enthusiastic support of all our staff, the business will continue to grow and prosper.



David Sainsbury, Chairman



David Sainsbury with Joint Managing Directors Tom Vyner (centre) and David Quarmbay sampling pizzas from our extensive range.



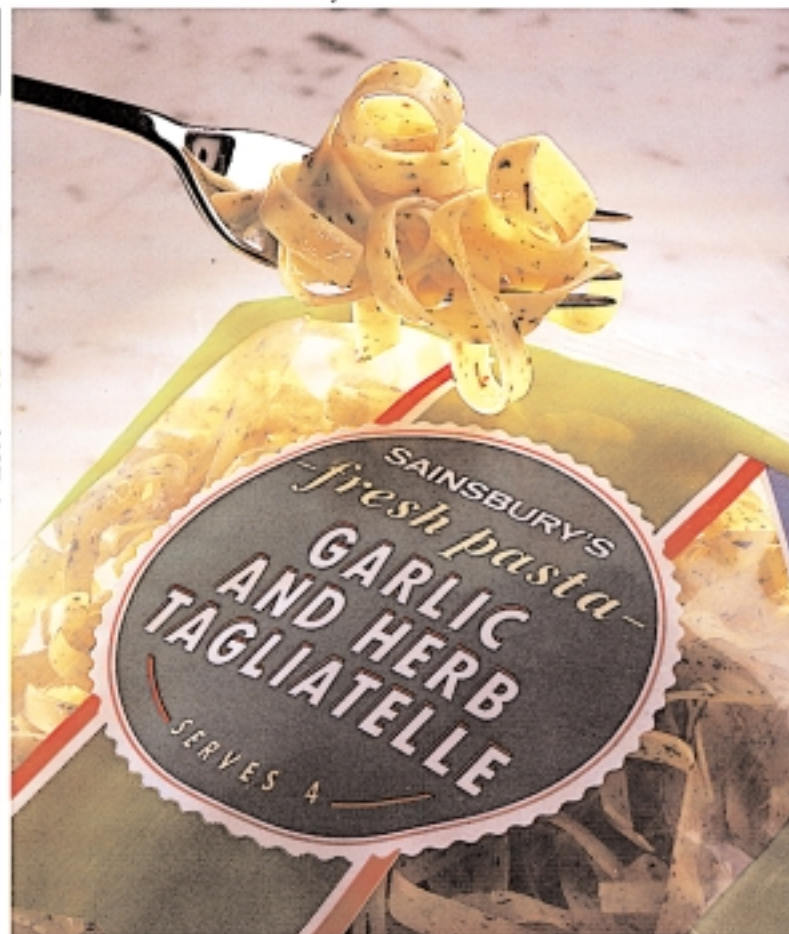
Sainsbury's Somerset Camembert is made by a small cheese producer using local milk and following traditional methods.



These additions to our East European range represent just two of the 39 countries from which we buy wines and beers.



Our new Toddlers range of biscuits, juices and flavoured milks for children aged one to four contains added iron and vitamins.



Sainsbury's fresh pasta – Spaghetti, Tagliatelle Verdi, and Garlic and Herb Tagliatelle – is made in Britain to an Italian recipe.

# New ideas Traditional values

Last year we attracted a greater number of customers than ever, increasing our market share from 10.6% to 11.3%. Each week, on average, more than seven and a half million customers chose Sainsbury's for value for money, range and choice, and looked to our stores for exciting ideas and products.

We have worked closely with both new and existing suppliers – many of which are small and specialised businesses – to develop new Sainsbury brand products.

Just a few examples from across the departments are: Fruit Top Desserts, Fruit Purées

and Freshly Squeezed Sorbets; Fresh Soups and Fresh Pesto; Brioche, Part-baked Ciabatta and Tikka Bread; and 45 new Ready Meals including two Low Calorie Curries and additions to the excellent value Meals For One range.

A number of product introductions took us into new markets. Pre-recorded videos were introduced into 200 stores and proved particularly successful. We now sell cut flowers and plants in around 170 stores and newspapers and magazines in nearly 270.

We systematically review the quality and value for money offered by our 8,000 own label products. Last year we measured nearly two-thirds of the range against the increasingly demanding and changing tastes of our customers, and in comparison to the brand leaders.

Our new sampling kitchens help in perfecting our

products. Computers are used to provide accurate results from taste panels in minutes. We also commission further detailed independent research through consumer panels across the country.

Last year we launched over 1,400 new Sainsbury brand products, including flavour and size varieties.

Sainsbury brand products, including meat, produce and bakery, account for two-thirds of our total sales.

Our total range comprises 17,000 products, an increase of 6%.

Our buyers and home economists sampled around 300,000 items last year.

Many of our existing products gained an even greater share of their market. Olive oil, savoury rice, cooking sauces, confectionery and canned fruit drinks were some of the product areas which performed exceptionally well. Meat, eggs and milk were among the many products which increased their market shares in declining sectors.

During the year our share of total UK petrol sales increased by almost 25% and we opened our 99th petrol filling station.

## QUALITY CONTROL

Last year we designed a Product Management System for use by our suppliers. The Department of Trade and Industry embraced the system and is making funds available to our small suppliers to help them follow our procedures. The system now sets the industry standard.

Fresh fish is a good example of where more direct control over supplies and processing has increased freshness, improved quality and made new products possible. In June 1992, a shellfish cooking plant designed to our specifications opened in Grimsby, where such products as tiger prawns from Thailand

and fresh mussels specially cultivated in Scotland and Ireland are cooked. Delivery is made to Sainsbury's depots across the country the same day for distribution directly to stores the following day.

New England lobsters flown in for cooking at the plant are just one example of where we have worked with Shaw's, our American subsidiary, to share sourcing skills.

Towards the end of the financial year a dedicated specialist fish plant also opened in Grimsby. Technological skills acquired from our work with meat are applied to fish, allowing us to offer customers in all our stores wet fish in peak condition.

In October a breaded fish plant was opened in Wrexham for the exclusive processing of Sainsbury's products. Our buying know-how is used in sourcing the fish for processing and a new system of coating and breading is employed for a crisper and lighter product.

### GROWING GREEN

Together with our growers, we have been developing Integrated Crop Management Systems (ICMS). These balance the economic production of crops with measures which conserve and enhance the environment, such as promoting the use of biological control of pests while limiting the use of chemical pesticides.

Before drawing up a Code of Practice for each crop group we gather research from many sources, including the Agricultural Development and Advisory Service, the Horticultural Development Council and the growers themselves. Our UK tomatoes, lettuces,

celery, top fruit, carrots, potatoes and cauliflowers will be the first to be grown under ICMS.

Our suppliers have played a vital role in helping us improve the availability and range of our fruit, salads and vegetables. Growing seasons have been extended

and greater variety introduced. Over the course of the year we now sell eight varieties of melons purchased from 12 different countries, and around 35 different varieties of British-grown potatoes, at least 20 of which are available all year round.

### PARTNERSHIP IN LIVESTOCK

Our Partnership in Livestock scheme, introduced in 1991 for Traditional Beef and Tenderlean

Lamb, was extended last year to Outdoor Reared Pork. The scheme, in which Sainsbury's, the abattoirs and the farmers work closely together, specifies the use of new technology and high standards of animal husbandry and welfare. More than 1,500 producers now participate in the scheme, a considerable increase over last year.

### FOOD SAFETY

One of our primary responsibilities is safeguarding the health of our customers. Last year we spent £30 million on maintaining and improving our food safety chain. We strengthened links across the world with research institutes, thereby gaining access to the most sophisticated technology. Our strategy allows us to take the initiative by identifying emerging technical issues and managing them effectively in partnership with our suppliers.



Novon, our new range of detergent products, was launched last year and now has the highest market share of any supermarket own brand.



Sainsbury's celebration cakes, a selection of which is available in all stores, are designed exclusively for us by Jane Asher. The range includes seasonal lines such as Mother's Day cakes.



Sainsbury's Senior Chemist Jane Gilbert and Produce Buyer Gary Wilson (right) visiting one of our tomato suppliers, John Hall, at Chichester. Instead of using chemicals, the grower introduces insects to control pests as part of our new Integrated Crop Management Systems.



Head Beef Buyer John Cleland (left) and Larry Kavanagh of Anglo Beef Processors (ABP) with Robert Wilson of Fermor Farm, Northamptonshire, one of the 1,500 participants in our Partnership in Livestock scheme.



A view across the River Wey to our Godalming branch, an example of a new store designed to serve a smaller catchment area.



Our Edinburgh store at Blackhall under construction, due to open in June. This is our second supermarket in Scotland and is part of our programme to expand into new trading areas.



# Right store Right place

Our store opening and replacement programme provides an improved quality shopping environment for our existing customers, as well as bringing Sainsbury's within reach of more people.

A priority in our development programme is to improve our coverage of the UK as there are still large parts of the country we do not serve. In November we opened our largest store in Yorkshire at Aspley Marina in Huddersfield, providing 36,000 square feet of shopping space. At the same time we have kept open the smaller town centre store.

We continued our opening programme in the north with the new Harrogate store adjoining the Great Yorkshire Show Ground. In the North West we opened at Upton, on the Wirral, and further stores will open shortly in Scotland and in North Wales.

We design our stores to reflect the locality in which they are built. At Watchmoor Park in Camberley an informal 20-acre nature reserve was improved to

enhance the existing landscape and the habitat for wildlife.

At Dulwich we opened up for public use land which had previously been in private ownership. In doing so, a park was created for the local residents and a new stadium was provided for Dulwich Hamlet Football Club.

## DEVELOPING NEW FORMATS

Smaller than average stores of 23,000 square feet sales area were opened in Alton, Godalming, Whitstable and Ripley in Derbyshire. All four provide a very high quality food shopping environment with easy access by car or public transport and free parking.

We invested £588 million in new store developments in 1992/93.

23 Sainsbury's stores opened, generating 5,353 new full- and part-time jobs.

At the year end Sainsbury's had 328 stores.

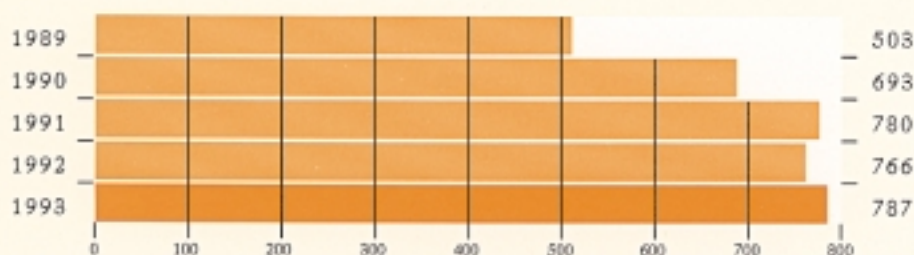
Average size is 32,700 sq ft for new stores and 25,300 sq ft for all stores, an increase of 24% over five years.

43% of sales area is under five years old.

Last year we planted more than half a million trees and shrubs as part of our store landscaping.

## GROUP CAPITAL EXPENDITURE

£ million



Group Capital Expenditure totalled £787 million, 75% of which was spent on Sainsbury's store development.

In Godalming the River Wey frontage to the site and the National Trust mooring area have both been improved to enhance the quality of the development. The architectural style was also chosen to be in keeping with the local environment.

Through careful planning and design these new stores can operate very profitably within smaller markets than would previously have been possible. In consequence, six more such stores will be opening in the coming year.

EFFICIENCY IN CONSTRUCTION AND DEVELOPMENT

During the past five years Sainsbury's has strengthened its position as one of the country's leading developers of new buildings. Approximately 40 companies can be engaged on each store development and up to 180 people may be employed on each day of

construction. Each new store, once open, generates up to 400 full- and part-time jobs.

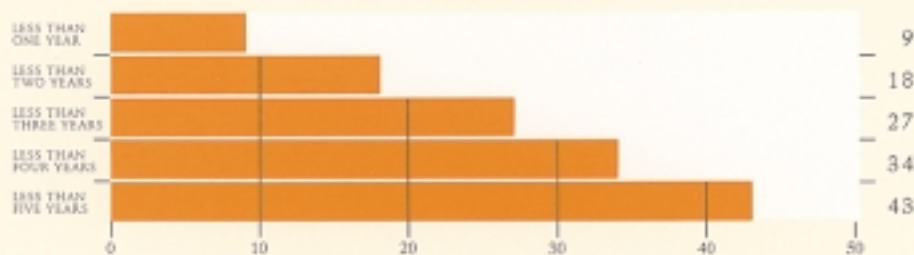
Over the past five years we have reduced by 12 weeks the time it takes to build a new store. Such time-saving in construction has been achieved mainly through the development of our own project management skills which enable us to co-ordinate efficiently the work of all our contractors.

The advantages of such time-saving were seen at Mere Green, Sutton Coldfield, where in only seven weeks a store we had purchased from a competitor was totally refurbished and transformed into a 34,000 square feet Sainsbury's supermarket.

FUTURE OPENINGS

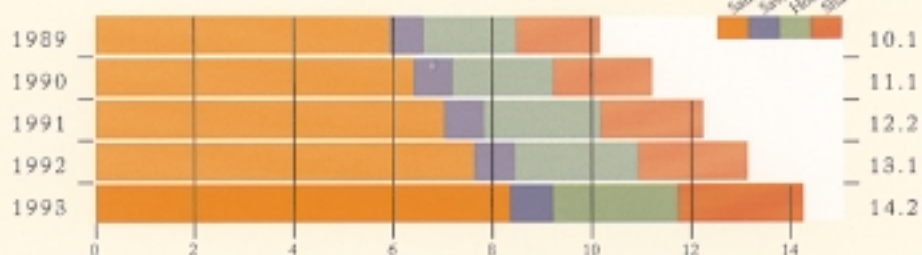
During the coming year we will open 23 new Sainsbury's stores, giving an additional 709,000 square feet of sales area.

AGE OF SAINSBURY'S SALES AREA  
% of total sales area



As a result of sustained investment, 43% of UK supermarket sales area is now less than five years old.

GROUP SALES AREA  
Million square feet



Group sales area increased by 8.6% last year to 14.2 million square feet.



We have been serving customers in Hove since 1921. Our sixth store, larger than any of its predecessors, opened in October. It features a glazed walkway and includes a coffee shop and adjoining petrol filling station.



Joanne Tarrant, Health & Beauty Assistant from our Central Croydon store, is being funded on an introductory computer course at Croydon College by Sainsbury's Educational Sponsorship through the Choices programme.



Kellie Browne, at our Dulwich branch, using our new audio product knowledge training programme, which is part of our continued commitment to improving customer service.

# Developing skills Increasing opportunities

Sainsbury's record of improving efficiency and service has largely been due to the commitment of staff and our continuing programme of investment in training. The constant development of our skill-base, one of the foundations of future growth, brings increasing opportunities for the business and its people.

## TRAINING AND EDUCATION

We were delighted to be selected by the Department of Employment, in recognition of our career development programmes, to pilot career guidance vouchers through the Choices programme. To support this investment, we also introduced a parallel initiative called Help Yourself to Education. Through this programme, over 1,000 staff have received career counselling and many have gone on to undertake Company and external courses relevant to their career development. We are also working towards the 'Investors in People' standard, which is awarded for sustaining a high quality in training and development directly linked to the achievement of business goals.

Last summer we began a three-year programme called Leadership Through Teamwork which will enhance management skills and customer service at all branches. Our commitment to the raising of standards is consistent across all levels. Each year up to 700 school-leavers are recruited for our training schemes and join the many Sainsbury's employees working

towards the achievement of the National Vocational Qualification in Retailing. One hundred and thirty-five young managers who have completed our 18-month trainee manager scheme are now studying, via distance

learning, for the Degree in Retail Marketing sponsored by Sainsbury's at Manchester Metropolitan University.

Sainsbury's has its own MBA which is run in conjunction with the City University Business School. Of those who have graduated, several have been promoted, or have been given specific new responsibilities.

During the year a new computer-based training network was introduced into several branches, prior to a full roll-out. The training package makes use of our latest multi-media, interactive technology which can be updated centrally.

## CAREERS FOR WOMEN

Sainsbury's was a founder member of Opportunity 2000, the Business in the Community initiative to encourage women in their careers. Last year, as part of our participation in the programme, we produced a case study pack that highlights the individual career paths of a number of female managers in traditionally male areas. A sponsorship programme was established to help women with their studies and to help them qualify for the Company's own training and development courses. New booklets on maternity and work,

Group staff numbers grew to 120,000, an increase of 8,000.

More than £30 million was invested in training during the year.

Two-thirds of all employees are women.

The number of women managers in Sainsbury's has increased by 300 over the past year to more than 5,600, making up 41% of total management.

and the Career Bridge scheme were also published under the Opportunity 2000 banner.

Women hold over 40% of our management positions. This illustrates our commitment to ensuring that in all parts of the Company opportunities for training and career development to higher levels of management are available to women.

#### FOOD SAFETY TRAINING

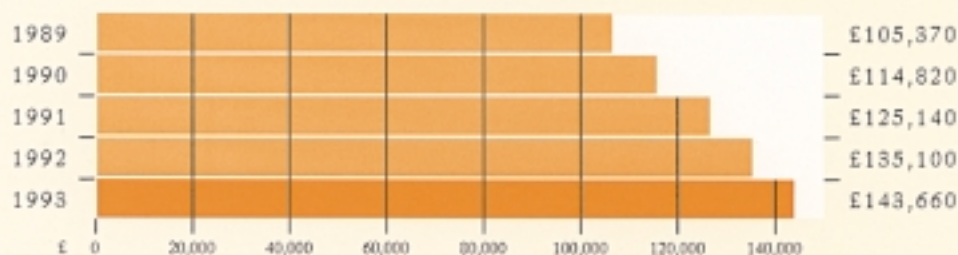
Staff training is a key element of food safety and one on which we have always placed great emphasis. Fifty thousand of our employees last year completed our training package on handling perishable foods. This food safety course has become an industry role model and led to Sainsbury's receiving a National Training Award. All 50,000 who participated in the food safety course, and 20,000 other employees who work with our food distribution 'cold chain', have since

embarked upon a second training module designed to raise awareness of the importance of maintaining chilled and frozen foods at the correct temperature.

#### HEALTH AND SAFETY

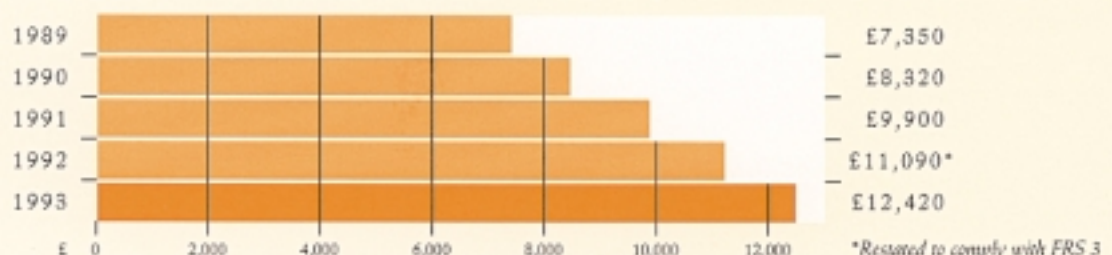
Sainsbury's has always had a strong commitment to the health and safety of customers and staff. This has been supported through a structure of over 400 health and safety committees across the Group, an extensive range of staff training programmes and regular health and safety education and awareness-raising initiatives. As part of this continuing commitment, we have recently launched an enhanced programme of risk assessment and improvement throughout the Company's operations, using the new health and safety regulations introduced in January as a framework for maintaining the highest possible standards.

#### SAINSBURY'S SALES PER EMPLOYEE (FULL-TIME EQUIVALENT)



Sales per employee (full-time equivalent) rose by 6.3% last year, and have risen by 36% in the last four years.

#### SAINSBURY'S OPERATING PROFIT PER EMPLOYEE (FULL-TIME EQUIVALENT)



Operating profit per employee (full-time equivalent) increased by 11.7% last year.

\*Restated to comply with FRS 3



Members of middle management on a team-building exercise at Fanhams Hall, Sainsbury's staff training centre in Hertfordshire, during a development programme called Performance Through People.



Job sharing is being encouraged through our participation in Opportunity 2000. Jackie Vernon and Joanne McAndrew, who share the role of Deputy Services Manager at our Burton upon Trent store, completing their weekly handover.



Principal speakers at our CFC Action Forum included (from left) Jonathon Porritt, and Joe Farman of the British Antarctic Survey. With them is Ian Coull, Sainsbury's Development Director.

Sophisticated energy-saving systems help save up to £10 million on our annual energy bill and are supplemented by simple techniques such as closing blinds nightly on chiller cabinets.



Over 90% (by weight) of our transit packaging is re-used or recycled. Here shrink-wrap is being recycled at Alida Packaging in Heanor, Derbyshire, to produce Sainsbury's free carrier bags and Greencare refuse sacks.



# The environment

## A natural concern

Over the last 15 years we have systematically reviewed our store design to arrive at the concept of a low energy store resulting in annual savings of £10 million. As a consequence of this commitment to energy-saving, we have been granted part-funding by the European Commission for an in-store energy-saving system. Through its use it will be possible, for example, to detect lights or ovens left on accidentally, and to measure any unseasonal use of energy. If the current pilot project is successful, the system will be introduced into all stores to reduce energy consumption by up to 10%, producing projected annual savings of £1.5 million.

We are able to undertake a project of this kind only because we have been installing the necessary computer systems in branches for the past ten years.

### ACTION ON CFCs

The phasing out of CFCs is one of the biggest challenges facing the food industry today. Sainsbury's is committed to replacing CFCs in refrigeration by the end of 1996. As part of this process, last year we were the first supermarket retailer in Europe to introduce on a large scale an ozone-benign refrigerant in chiller cabinets. In order to ensure that alternatives to CFCs are found as quickly as possible, we have joined forces with retailers in Europe and America to pool information.

A large supermarket can contain up to five miles of refrigerant piping from which it is important to

prevent leakages. We have taken a lead with the installation of a leak detection facility in 60 stores containing centralised refrigeration plant systems. A two-year programme is now under way to bring all such stores up to the same standard.

There are now 632 recycling banks at Sainsbury's stores.

During the year potential packaging cost savings of £2.1 million were identified.

The use of recycled plastic in free carrier bags now saves in excess of four million gallons of oil each year.

The Penny Back scheme saves a further one million gallons of oil each year in the production of carrier bags.

In January we organised a CFC Action Forum for suppliers, distributors and other retailers. The principal speakers included the Environment Minister, David Maclean; Jonathon Porritt; and Joe Farman of the British Antarctic Survey, who first brought the damage to the ozone layer to world attention.

### ENERGY SAVING IN PACKAGING

To ensure that our products are packaged in the minimum amount of material necessary, last year we launched a general packaging review. As a consequence we have already identified potential savings of £2.1 million.

These annual savings include 31 tonnes of plastic through the removal of punnets from packs of pitta bread and 119 tonnes through the removal of polystyrene bases from pizza packaging. Additionally, the use of returnable crates, first introduced 30 years ago, now saves about 28,000 tonnes of packaging a year.

During the year customers made greater use of the facilities available at our branches for collecting glass, paper, cans and plastic material for recycling. By working with local authorities we have increased the number of these units to 632.



Jennifer Cordiner, one of our 17 Home Economists, talking to Standard Grade students from Firhills School, Edinburgh, about the worldwide sourcing of our products.



We are supporting the charity Landlife in turning wasteland in Liverpool into a wildflower seed business. Pupils from St Andrew's RC Primary School are shown planting some of the seedlings.



Staff and customers of stores in the South East together raised £39,000 for the Kent Air Ambulance Appeal. Here, Appeal Director Kate Chivers thanks District Manager Alan Rowlands.



Sainsbury's was one of the major sponsors of Comic Relief. Through activities by staff and by selling Red Door Noses at all our stores, we raised £465,000.

# Active in the community

As leaders in our trade, we seek to contribute to the quality of life in the communities we serve by actively supporting education, the arts and a variety of other community initiatives.

## SUPPORTING EDUCATION

Sainsbury's has an active programme of co-operation and support for education at all levels. Through our Link Schools Programme, all branches have established relationships with local schools. Each Link School receives books from its branch every year through our Book Donation Scheme. We offer work experience to students and teachers and we provide education packs designed to support the National Curriculum. Employees who are school governors are provided with appropriate training and financial support for their schools.

## COMMUNITY INVESTMENT

During the year Sainsbury's received over 35,000 requests for support and we were able to respond positively to almost half. Last year, however, marked a change in Sainsbury's emphasis in corporate giving. As well as responding to particular requests, we developed a forward-looking programme which established four areas to which we shall be dedicating a significant part of our investment in the coming years. The areas are women and work; health,

nutrition and diet; urban and inner city regeneration; and youth training and employment. Against each area a single project has been identified which will be principally funded by Sainsbury's.

We have a community-giving budget of £1.8 million.

Over 2,000 requests for education packs are received each month.

Sainsbury's Home Economists speak on average at 200 engagements each month, reaching more than 100,000 people annually.

Sainsbury's FutureCooks competition attracted over 30,000 entrants.

Staff raised £320,000 for Children in Need.

## ARTS SPONSORSHIP

This year Sainsbury's received an ABSA award for Long Term Commitment to Arts Sponsorship in recognition of our continuing support for the Contemporary Art Society's art market and for Sainsbury's Choir of the Year Competition. The 1992 competition attracted 200 choirs with 10,000 singers of all

ages. It was again televised by the BBC and broadcast over seven programmes on BBC2 in January and February this year.

A major sponsorship for the coming year will be Sainsbury's Pictures for Schools, a nation-wide project which has the aim of introducing the visual arts to young people in schools. It will involve 750 secondary schools in areas where Sainsbury's trades.

Local arts sponsorships covered such diverse projects as postcards for primary schools, designed to encourage children's writing and artistic skills, and drama for the over 60s.

Many projects which were funded through the first Sainsbury's Arts Education Awards took place this year. The winning project was the Royal Shakespeare Company's 'Antigone: Language in Action' which involved young people from Truro to Glasgow in creating new pieces of drama.

## RETAIL SUBSIDIARIES



London Colney, Hertfordshire



Upton, Wirral



Keene, New Hampshire, USA

# Savacentre

Savacentre's strong sales growth, combined with careful control of costs, resulted in a 28% increase in operating profit.

Our specialist hypermarket company offers 60,000 products under one roof. Customers have the choice of Sainsbury's fresh food, groceries and toiletries as well as an extensive range of clothing, household goods, lighting, electrical appliances, and home improvement and gardening products.

Savacentre has a programme of continuing expansion. Last year, building consent was granted for a new store at Beckton in East London. The store, which is now under construction, will open in late 1993, increasing Savacentre's total sales area by nearly 10%. A second Scottish hypermarket has been announced at Braehead in Glasgow as part of a development in partnership with Marks & Spencer.

The company has continued to improve existing stores, and the Washington, Hempstead and Basildon

Savacentres were refurbished last year.

New products were introduced throughout the hypermarkets. The Sainsbury's Lifestyle clothing range, exclusive to Savacentre, has continued to grow. Collections introduced by the new team of specialist buyers and technologists include children's footwear, schoolwear, ladies' leisurewear and men's knitwear. Customers have responded positively to the new-style garments at keen prices. Sainsbury's Lifestyle now accounts for 70% of Savacentre's clothing sales.

SAVACENTRE ANALYSIS	1993	1992
Sales . . . . .	<b>£609.1m</b>	£544.4m
Operating Profit . . . . .	<b>£36.3m</b>	£28.4m*
Number of hypermarkets . . . . .	9	9
Sales area ('000 sq ft) . . . . .	<b>826</b>	798
Full-time employees . . . . .	<b>2,274</b>	2,261
Part-time employees . . . . .	<b>4,894</b>	4,810

\*Restated to comply with FRS 3

**DIRECTORS:**

R.T. Vyner (Chairman)\*, M.W. Broomfield (Managing Director), C.R. Turner (Deputy Managing Director), R.A. Anderson\*, J.H.G. Barnes\*, W.T. Hales\*, S.R. Sunnucks, A.E.S. Webb, B.J.C. Willis.

\*Non-Executive Directors



Savacentre Managing Director Mike Broomfield with a customer in the clothing department at London Colney.

# Homebase

Sainsbury's Homebase chain of home improvement and garden centres performed extremely well in the depressed climate of the home improvement industry. Market share increased substantially and seven new stores opened.

A new distribution depot opened in Northampton offering excellent storage and access. It handles 11,000 commodities representing 60% of sales.

Following successful trials at the start of 1992, scanning was introduced in all new stores and conversion of existing stores began. Already 34% of total company sales are scanned through 18 stores. All stores will have scanning within two years.

New own label ranges of paint, tools, bathroom accessories and Christmas decorations were launched last year. Homebase sold more Christmas trees in 1992 than any other retailer in the UK.

The 'Spend & Save' loyalty card introduced in 1991 doubled its membership last year and welcomed its

one millionth customer. The card keeps a record of Homebase purchases and rewards regular customers with gift vouchers for spending in Sainsbury's, Homebase or Savacentre.

Although trading conditions are likely to remain tough for some time, there are signs of recovery in the DIY market which is heavily influenced by the housing market.

HOMEBASE ANALYSIS	1993	1992
Sales . . . . .	<b>£282.8m</b>	£257.6m
Operating Profit . . . . .	<b>£17.8m</b>	£15.3m*
Number of stores . . . . .	<b>70</b>	64
Sales area ('000 sq ft) . . . . .	<b>2,609</b>	2,406
Full-time employees . . . . .	<b>1,627</b>	1,593
Part-time employees . . . . .	<b>2,676</b>	2,578

*\*Restated to comply with FRS 3*

#### DIRECTORS:

D.B. Adriano (Chairman and Managing Director),  
 J.H.G. Barnes (Deputy Chairman),  
 R. McLaren (Deputy Managing Director),  
 R. Cooper\*, J.D. Goull\*, J. Dopchie\*, D. du Monceau de Bergendal\*,  
 J.A. Pitz\*, S.W. Bradbury, B. Williams.  
*\*Non-Executive Directors*



Homebase Chairman Dino Adriano (right) and Deputy Managing Director Ross McLaren at Richmond, Surrey.

# Shaw's

Shaw's, our chain of supermarkets in New England, USA, has continued to experience depressed conditions during a year dominated by the deep New England recession.

The company has responded to the tough climate with aggressive promotions, putting the message across with imaginative new in-store signage.

The Shaw's brand has now expanded to nearly 1,900 products. Own label traditionally stands for lower quality in US supermarkets, but at Shaw's the Sainsbury's quality and value approach has been applied to own brand. The products are extremely well received by the New England consumer and sales continue to show significant increases.

Developing the Shaw's brand is just one of the areas in which Shaw's and Sainsbury's are working together as a transatlantic team.

The seven new store openings and two major enlargements added just over 10% to sales area and contributed to increases in sales and market share. In

1993, a further nine store openings and two enlargements are planned which will add almost 11% to sales area. Some of the openings will be in areas new to the company, introducing Shaw's to new customers.

Shaw's has continued to invest in developing its management teams, with particular emphasis on buying, systems and distribution. Major improvements have been achieved in the accuracy of store ordering of perishable foods.

SHAW'S ANALYSIS	1993	1992
Sales . . . . .	<b>\$1.85bn</b>	\$1.81bn
Operating Profit . . . . .	<b>\$31.5m</b>	\$35.8m*
Number of stores . . . . .	<b>79</b>	73
Sales area ('000 sq ft) . . . . .	<b>2,448</b>	2,229
Full-time employees . . . . .	<b>4,061</b>	3,972
Part-time employees . . . . .	<b>11,867</b>	11,812

\*Restated to comply with FRS 3

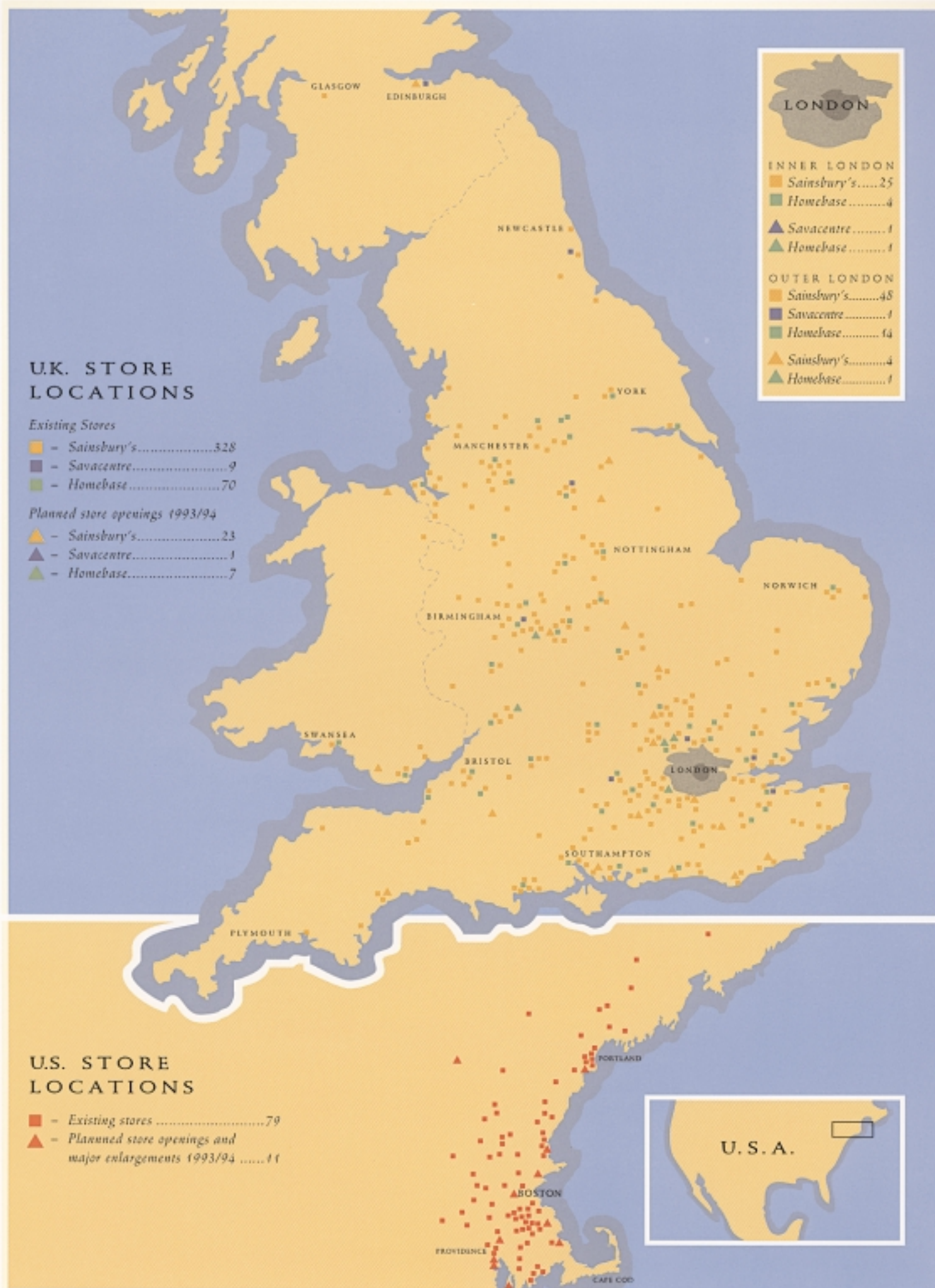
#### DIRECTORS:

D.J. Sainsbury (Chairman)\*, D.B. Adriano (Deputy Chairman)\*, P.L. Francis (Chief Executive Officer), I.D. Coull\*, R.P. Whitbread\*, H. Beckner\*, S. Dubrul Jr\*, J.D. Kelleher, J.R. Maxwell, A.J. Mitcham†, H.V. Powell, S.W. Ramsay.

\*Now-Executive Directors †seconded from Sainsbury's



Shaw's President and Chief Executive Officer Phil Francis talking to a customer in the Keene store, New Hampshire.





# U.K. Stores

## STORES OPENED 1992/93

### SAINSBURY'S

Dulwich	Alton
Godalming	Ripley, Derbyshire
Staines	Hove
Portsmouth	Ipswich
Sevenoaks	Whitstable
Bristol	Taunton
Camberley	Huddersfield
Northfleet	Mere Green
Folkestone	Stevenage
Wirral	Harrogate
Basildon	
Ashford, Kent	
Leicester	

*New Sales Area 752,000 square feet*

## PLANNED STORE OPENINGS 1993/94

### SAINSBURY'S

East Grinstead	North Cheam
Hemel Hempstead	Market Harborough
Frome, Somerset	Eastbourne
Dunstable	Hastings
Edinburgh	Bedford
Rhyl	Worksop
Fareham	Epsom
Bridgend	Farnham, Surrey
Doncaster	Coventry
Hayes, Middlesex	Hendon
Worthing	
Exeter	
Enfield	

*New Sales Area 709,000 square feet*

### SAVACENTRE

Beckton

*New Sales Area 65,000 square feet*

### HOMEBASE

Tunbridge Wells	Hove
Southampton	Wirral
Richmond, Surrey	Bristol
Portsmouth	

*New Sales Area 221,000 square feet*

### HOMEBASE

Wandsworth	St Albans
Cheltenham	Walton-on-Thames
Hayes, Middlesex	Solihull
Hemel Hempstead	

*New Sales Area 222,000 square feet*

# Shaw's U.S. Stores

## STORES OPENED 1992/93

Braintree, MA	Salem NH
North Attleboro, MA	Brunswick, ME
South Attleboro, MA	<u>Major Enlargements</u>
Plaistow, NH	Sturbridge, MA
Keene, NH	Milford, MA

*New Sales Area (including enlargements) 238,000 square feet*

## PLANNED STORE OPENINGS 1993/94

Waltham, MA	Hanover, MA
Portsmouth, NH	Plymouth, MA
West Lebanon, NH	Scarborough, ME
Warwick, RI	<u>Major Enlargements</u>
North Warwick, RI	Beverly, MA
Middletown, RI	North Attleboro, MA

*New Sales Area (including enlargements) 327,000 square feet*

*Group Total New Sales Area 1,211,000 square feet*

*Group Total Planned New Sales Area 1,323,000 square feet*

## TEN YEAR RECORD

RESULTS £ MILLION	1984	1985	1986
<b>GROUP SALES (including VAT &amp; Sales Taxes)</b>	<b>2,688.5</b>	<b>3,135.3</b>	<b>3,575.2</b>
Increase on previous year	16.1%	16.6%	14.0%
UK Operating Margin	4.78%	4.84%	5.30%
<b>GROUP OPERATING PROFIT</b>	<b>128.5</b>	<b>151.8</b>	<b>189.6</b>
Profit/(Loss) on sale of properties	2.7	2.6	5.9
Associates	6.0	9.7	13.6
Profit sharing	(9.7)	(12.1)	(15.8)
<b>GROUP PROFIT BEFORE INTEREST</b>	<b>127.5</b>	<b>152.0</b>	<b>193.3</b>
<b>INCREASE ON PREVIOUS YEAR</b>	<b>26.7%</b>	<b>19.2%</b>	<b>27.2%</b>
Interest receivable/(payable)	2.5	4.4	(0.6)
<b>PROFIT BEFORE TAX</b>	<b>130.0</b>	<b>156.4</b>	<b>192.7</b>
<b>INCREASE ON PREVIOUS YEAR</b>	<b>29.1%</b>	<b>20.3%</b>	<b>23.2%</b>
Tax charge	41.0	48.0	65.4
Profit after Tax	89.0	108.4	127.3
<b>EARNINGS PER SHARE</b>			
Basic	6.37p	7.72p	9.01p
Increase on previous year	19.9%	21.3%	16.6%
Fully diluted (excluding profit/loss on sale of properties)	6.22p	7.61p	8.62p
Increase on previous year	18.0%	22.4%	13.2%
<b>DIVIDEND PER SHARE*</b>	<b>1.85p</b>	<b>2.22p</b>	<b>2.72p</b>
<b>RETAIL STATISTICS</b>	<b>1984</b>	<b>1985</b>	<b>1986</b>
<b>NUMBER OF OUTLETS AT FINANCIAL YEAR END</b>			
Sainsbury's – over 25,000 sq ft sales area	19	29	39
15,000-25,000 sq ft sales area	112	117	122
under 15,000 sq ft sales area	131	125	119
Sainsbury's	262	271	280
Savacentre	5	6	6
Homebase	14	23	28
Shaw's	—	—	—
<b>TOTAL NUMBER OF STORES</b>	<b>281</b>	<b>300</b>	<b>314</b>
<b>SALES AREA ('000 SQ FT)</b>			
Sainsbury's	3,944	4,325	4,692
Net increase on previous year	10.7%	9.6%	8.5%
Savacentre	356	424	433
Homebase (approx. 60% covered sales area)	624	1,038	1,261
Shaw's	—	—	—
<b>GROUP TOTAL</b>	<b>4,924</b>	<b>5,787</b>	<b>6,386</b>
New Sainsbury's openings	15	15	15
Average size of new Sainsbury's (sq ft)	25,530	26,080	27,430
Average size of all Sainsbury's (sq ft)	15,050	15,960	16,760
<b>AVERAGE SAINSBURY'S SALES</b>			
Per store (£ per week)	198,800	221,300	244,100
Per square foot (£ per week)	13.60	14.32	14.87
<b>Share of national trade in food and drink shops, chemists, confectioners, tobacconists and newsagents**</b>	<b>7.1%</b>	<b>7.6%</b>	<b>8.0%</b>

\*Adjusted in respect of capitalisation issues in 1984 and 1987 and rights issue in 1991.

\*\*Based on Central Statistical Office data (re-based 1993) and Sainsbury's and Savacentre sales.

†Property profits for 1992 restated to comply with FRS 3.

1987	1988	1989	1990	1991	1992†	1993
<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>	<b>9,202.3</b>	<b>10,269.7</b>
13.1%	23.9%	18.1%	22.7%	13.0%	12.2%	11.6%
5.75%	6.16%	6.89%	7.04%	7.67%	7.92%	8.35%
<b>232.5</b>	<b>295.7</b>	<b>372.9</b>	<b>470.7</b>	<b>585.0</b>	<b>666.0</b>	<b>785.0</b>
9.1	9.8	22.8	30.7	12.5	(2.5)	(2.4)
17.9	18.2	15.6	1.6	0.3	1.2	(0.4)
(21.2)	(23.9)	(26.7)	(33.8)	(44.0)	(49.4)	(58.6)
<b>238.3</b>	<b>299.8</b>	<b>384.6</b>	<b>469.2</b>	<b>553.8</b>	<b>615.3</b>	<b>723.6</b>
<b>23.3%</b>	<b>25.8%</b>	<b>28.3%</b>	<b>22.0%</b>	<b>18.0%</b>	<b>11.1%</b>	<b>17.6%</b>
8.6	8.6	(9.5)	(17.8)	(35.6)	12.7	9.2
<b>246.9</b>	<b>308.4</b>	<b>375.1</b>	<b>451.4</b>	<b>518.2</b>	<b>628.0</b>	<b>732.8</b>
<b>28.1%</b>	<b>24.9%</b>	<b>21.6%</b>	<b>20.3%</b>	<b>14.8%</b>	<b>21.2%</b>	<b>16.7%</b>
88.9	109.0	125.1	140.5	163.4	184.5	228.8
158.0	199.4	250.0	310.9	354.8	443.5	504.0
11.04p	13.42p	16.57p	20.57p	23.11p	25.69p	28.47p
22.6%	21.5%	23.5%	24.1%	12.4%	11.2%	10.8%
10.48p	12.90p	14.44p	18.15p	21.74p	25.34p	28.07p
21.6%	23.1%	11.9%	25.7%	19.7%	16.6%	10.8%
<b>3.46p</b>	<b>4.15p</b>	<b>4.99p</b>	<b>6.03p</b>	<b>7.27p</b>	<b>8.75p</b>	<b>10.0p</b>
<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>
54	74	95	116	136	159	177
119	115	110	106	102	98	99
110	94	87	69	61	56	52
283	283	292	291	299	313	328
6	6	7	8	9	9	9
32	38	48	55	61	64	70
—	60	61	66	70	73	79
<b>321</b>	<b>387</b>	<b>408</b>	<b>420</b>	<b>439</b>	<b>459</b>	<b>486</b>
5,084	5,463	5,964	6,434	6,951	7,632	8,303
7.3%	8.5%	9.2%	7.9%	8.0%	9.8%	8.8%
433	436	543	665	798	798	826
1,424	1,645	1,886	2,107	2,317	2,406	2,609
—	1,592	1,693	1,928	2,107	2,229	2,448
<b>6,891</b>	<b>9,136</b>	<b>10,086</b>	<b>11,134</b>	<b>12,173</b>	<b>13,065</b>	<b>14,186</b>
15	16	20	22	20	21	23
29,150	30,650	31,360	32,320	33,550	34,890	32,710
17,790	19,300	20,430	22,110	23,250	24,380	25,310
267,800	304,900	327,500	373,500	425,400	460,800	494,000
15.43	16.30	16.50	17.26	18.17	18.51	18.84
<b>8.5%</b>	<b>8.8%</b>	<b>9.0%</b>	<b>9.6%</b>	<b>10.1%</b>	<b>10.6%</b>	<b>11.3%</b>



#### EXECUTIVE DIRECTORS

(Back row) John Adshead, Colin Harvey, Ian Coull, Robin Whitbread. (Centre row) Keith Worrall, Rosemary Thorne, Dino Adriano, Angus Clark, David Clapham, Bob Cooper.  
 (Front row) Tom Vyner (Deputy Chairman and Joint Managing Director), David Sainsbury (Chairman and Chief Executive), David Quarmby (Joint Managing Director).

#### NON-EXECUTIVE DIRECTORS

Dr John Ashworth, Sir James Spooner, Sir Terence Heiser, Lady Eccles, Joe Barnes.



## BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS

## Joint Presidents

**LORD SAINSBURY  
OF DRURY LANE**

**SIR ROBERT SAINSBURY**

**LORD SAINSBURY  
OF PRESTON CANDOVER KG**

## Board of Directors

**D.J. SAINSBURY,**  
Chairman and Chief Executive

Joined the Company in 1963; appointed Director in 1966; Finance Director 1973-90; Chairman, Savacentre 1984-1993; Deputy Chairman 1988; Chairman and Chief Executive 1992; age 52.\*

**R.T. VYNER,**  
Deputy Chairman and 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 and Deputy Chairman in 1992; Chairman, Savacentre 1993; age 56.

**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 51.

**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, NewMarket Foods Limited 1990; age 58.

**K.C. WORRALL**  
Joined the Company in 1953; appointed Director for grocery and non-foods buying in 1986; age 56.

**I.D. COULL**  
Joined the Company in 1988 as Director of the Development Division; age 42.

**R. COOPER**  
Joined the Company in 1975; appointed a Trading Director in 1988; responsible for meat, fresh fish, off-licence, dairy and frozen foods buying; age 44.

**J.E. ADSHEAD**  
Joined the Company in February 1989 as Personnel Director; now also responsible for Group Secretary's Department; age 47.

**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 51.

**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, becoming Chairman and Managing Director in 1991; appointed to Sainsbury's Board in 1990; Deputy Chairman, Shaw's Supermarkets 1993; age 50.

**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 42.

**R.P. THORNE**  
Joined the Company as a Director in March 1992; appointed Finance Director in June 1992; age 41.

**D.J. CLAPHAM**  
Joined the Company in 1964; Area Director 1982-87; Departmental Director, Branch Operations 1987-89; Managing Director Savacentre 1989-92; appointed Director responsible for produce, bakery, pork buying and delicatessen buying and scientific services in 1992; age 46.

## NON-EXECUTIVE DIRECTORS

**J.H.G. BARNES**  
Joined the Company in 1956; appointed Director in 1969; responsible for Retail Division 1977-90; Joint Managing Director, Trading 1988-90; age 62.†

**SIR JAMES SPOONER**  
First appointed a Non-Executive Director of the Company in 1981; *inter alia* a director of John Swire & Sons, Barclays Bank and Morgan Crucible (Chairman); age 60.\*†

**LADY ECCLES OF MOULTON**  
First appointed a Non-Executive Director of the Company in 1986; Chairman of Ealing Health Authority; Vice Chairman of Durham University Council and a director of a number of other companies; age 59.\*†

**SIR TERENCE HEISER GCB**  
Appointed a Non-Executive Director of the Company in 1992; Permanent Secretary, Department of the Environment 1985-1992; also a Non-Executive Director of Abbey National plc; age 60.\*†

**DR J.M. ASHWORTH**  
Appointed a Non-Executive Director of the Company in 1993; currently Director of the London School of Economics; age 54.\*†

\*Member of Remuneration and Nomination Committee (Chairman, D.J. Sainsbury).

†Member of Audit Committee (Chairman, J.H.G. Barnes, Sir James Spooner from 7th July 1993).

## DEPARTMENTAL DIRECTORS

**R.A. ANDERSON**  
Property Development

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

**M.W. BROOMFIELD**  
Managing Director, Savacentre

**R.A. CHADWICK**  
Business Development

**A.B. CHEESMAN**  
Produce

**M.D. CONOLLY**  
Off-Licence

**H.M.A. ELVIDGE**  
Branch Services

**C. ETHERIDGE**  
Area Director

**J.M.E. EVANS**  
Corporate Personnel

**A.W. FRY**  
Chief Accountant

**D.J. GRAHAM**  
Distribution

**W.T. HALES**  
Branch Operations

**I.J. HUNT**  
Marketing Services

**P. IBBOTSON**  
Construction and Engineering

**C.J. LEAVER**  
Public Relations

**R. McLAREN**  
Deputy Managing Director, Homebase

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

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

**A.J. MITCHAM**  
Seconded to Shaw's

**C.E. MONTAGNON**  
Information Systems

**M.D. MORGAN**  
International Buying

**G.M. NAYLOR**  
Area Director

**J.R. PHILLIPSON**  
Area Director

**M.T. POWELL**  
Supply Logistics

**J. RAMSDEN**  
Cheese, Dairy, Frozen Foods

**A.F. REES**  
Marketing

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

**E.G.P. RICKETTS**  
Branch Merchandising

**D.N. ROBERTS**  
Treasury

**M. ROSEN**  
Non-Foods

**M.R. SARGEANT**  
Grocery

**D.L. SMITH**  
Area Director

**D.W. SMITH**  
Area Director

**DR G. SPRIEGEL**  
Scientific Services

**S.R. SUNNUCKS**  
Non-Food Director, Savacentre

**C.R. TURNER**  
Deputy Managing Director, Savacentre

**A.E.S. WEBB**  
Food and Marketing Director, Savacentre

**T.A. WIGLEY**  
Area Director

**B. WILLIAMS**  
Retail Director, Homebase

**B.J.C. WILLIS**  
Finance and Systems Director, Savacentre

**REPORT OF THE DIRECTORS**

for the 52 weeks to 13th March 1993

**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 £732.8 million. After deducting £228.8 million for taxation and £177.3 million for dividends paid and proposed, £325.5 million has been transferred to reserves.

The Directors are proposing the payment of a final dividend of 7.3p per share on 30th July 1993 to shareholders on the Register at the close of business on 11th June 1993; together with the interim dividend paid of 2.7p per share, this makes a total dividend for the year of 10.0p (1992: 8.75p) per share.

**Principal Activities**

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

**Share Capital**

The principal changes in share capital during the year were:-

- 11.4 million shares were allotted and further options granted under the Company's share schemes for employees;
- 5.8 million shares were allotted under the terms of the scrip dividend offers to shareholders.

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

The full text of the Resolution is set out in the Notice of Meeting on page 56.

**Scrip Dividend**

Around 21,000 shareholders elected to take shares instead of cash for both the final dividend 1992 and the interim dividend 1993. Shareholders are to be offered a similar choice in respect of the final dividend payable in July 1993 and the interim dividend for 1994.

A Resolution will be proposed at the Annual General Meeting authorising the Directors to make the scrip dividend alternative available in respect of any dividend or dividends to be paid or declared prior to the conclusion of the Annual General Meeting to be held in 1998.

**Directors' and Officers' Liability**

During the year the Group maintained insurance cover for the Directors and Officers against liabilities incurred whilst acting in their capacity as Directors or Officers of the Company and its Subsidiaries.

**Market Value of Properties**

The Directors are of the opinion that the properties of the Group have a market value in excess of the book value of £3,540.7 million.

**Fixed Assets**

The movements of tangible fixed assets are shown in Note 1 on page 42.

**Research and Development**

The Scientific Services Division employs 126 people and has an annual expenditure of £4.8 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 gender, 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.

**Donations**

Donations to charitable organisations amounted to £1.8 million (1992: £1.4 million), which included contributions to enterprise agencies, job creation, educational schemes and the Arts. There were no political donations.

**Chairmanship**

On 2nd November 1992, Lord Sainsbury KG retired as Chairman and Chief Executive and from the Board and was appointed a Joint President; D. J. Sainsbury was appointed Chairman and Chief Executive; R. T. Vyner was appointed Deputy Chairman in addition to his responsibilities as Joint Managing Director.

## Directors

The Directors are shown on page 35. All the Directors shown held office throughout the year, with the exceptions of D. J. Clapham who was appointed a Director on 12th October 1992, Sir Terence Heiser, who was appointed a Non-Executive Director on 20th October 1992 and Dr. J. M. Ashworth who was appointed a Non-Executive Director on 15th March 1993. In accordance with the Articles of Association, Resolutions will be submitted to the Annual General Meeting for their re-appointment. The current service contract of D. J. Clapham is terminable by two years written notice by either party. Sir Terence Heiser and Dr. J. M. Ashworth do not hold service contracts.

The Directors who retired during the year, in addition to Lord Sainsbury KG, were Lord Prior (1st July 1992), D. E. Henson (19th June 1992) and C. Roberts (19th February 1993). J. H. G. Barnes will retire at the Annual General Meeting, but does 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 13th March 1993 are shown on page 54. The number of options granted and exercised during the year is also shown.

## Substantial Interests

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

Miss J. S. Portrait and W. M. Pybus, respectively a partner and consultant of Denton Hall Burgin & Warrens, the Company's solicitors and C. T. S. Stone are trustees of various settlements, including charitable settlements. At 11th May 1993, the total holdings of the trusts of which the above are trustees amounted to 18%, 7% and 6% respectively.

As trustees and beneficially D. J. Sainsbury, The Hon. S. D. Sainsbury and The Rt. Hon. T. A. D. Sainsbury MP held 17%, 5% and 3% respectively at 11th May 1993.

## 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

11th May 1993

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## AUDITORS' REPORT

### To the Members of J Sainsbury plc

We have audited the Financial Statements on pages 38 to 53 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 13th March 1993 and of the profit and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

### Clark Whitehill

Chartered Accountants and Registered Auditor  
London

11th May 1993

## BALANCE SHEETS

18th March 1993

	Note	Group		Company	
		1993 £m	1992 £m	1993 £m	1992 £m
<b>Fixed Assets</b>					
Tangible Assets . . . . .	1	4,448.5	3,809.2	3,662.0	3,123.5
Investments . . . . .	2	29.4	27.6	624.9	574.7
		<u>4,477.9</u>	<u>3,836.8</u>	<u>4,286.9</u>	<u>3,698.2</u>
<b>Current Assets</b>					
Investments . . . . .	5	78.5	189.6	78.5	139.2
Stocks . . . . .	6	448.2	386.5	261.0	229.1
Debtors . . . . .	7	95.3	80.8	56.1	63.0
ACT Recoverable . . . . .		37.6	37.3	37.6	37.3
Cash at Bank and in Hand . . . . .		144.4	173.9	90.7	87.6
		<u>804.0</u>	<u>868.1</u>	<u>523.9</u>	<u>556.2</u>
<b>Creditors: due within one year</b> . . . . .	8	<u>(1,524.6)</u>	<u>(1,468.2)</u>	<u>(1,319.5)</u>	<u>(1,274.5)</u>
<b>Net Current Liabilities</b> . . . . .		<u>(720.6)</u>	<u>(600.1)</u>	<u>(795.6)</u>	<u>(718.3)</u>
<b>Total Assets Less Current Liabilities</b> . . . . .		<u>3,757.3</u>	<u>3,236.7</u>	<u>3,491.3</u>	<u>2,979.9</u>
<b>Creditors: due after one year</b>					
Convertible . . . . .	8	(200.0)	(200.0)	—	—
Other . . . . .	8	(513.2)	(377.9)	(674.0)	(478.9)
<b>Deferred Tax</b> . . . . .	10	2.0	(1.7)	9.4	5.5
<b>Minority Interest</b> . . . . .		(17.4)	(16.2)	—	—
		<u>3,028.7</u>	<u>2,640.9</u>	<u>2,826.7</u>	<u>2,506.5</u>
<b>Capital and Reserves</b>					
Called up Share Capital . . . . .	11	443.7	439.4	443.7	439.4
Share Premium Account . . . . .	12	895.4	837.5	895.4	837.5
Revaluation Reserve . . . . .	13	26.8	26.8	28.1	28.1
Profit and Loss Account . . . . .	14	1,662.8	1,337.2	1,459.5	1,201.5
		<u>3,028.7</u>	<u>2,640.9</u>	<u>2,826.7</u>	<u>2,506.5</u>

Notes on the Financial Statements are on pages 42 to 53

The Financial Statements on pages 38 to 53  
were approved by the Board of Directors on  
11th May 1993 and are signed on its behalf by

D. J. Sainsbury Chairman

R. T. Vyner Deputy Chairman



## GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks to 13th March 1993

	Note	1993 £m	1992 £m
<b>Group Sales</b> (including VAT & Sales Taxes) . . . . .	15	<b>10,269.7</b>	9,202.3
VAT & Sales Taxes . . . . .		<b>584.2</b>	506.8
<b>Group Sales</b> (excluding VAT & Sales Taxes) . . . . .		<b>9,685.5</b>	8,695.5
Cost of Sales . . . . .		<b>8,688.9</b>	7,826.7
<b>Gross Profit</b> . . . . .		<b>996.6</b>	868.8
Administrative Expenses . . . . .		<b>211.6</b>	202.8
<b>Group Operating Profit</b> . . . . .	15	<b>785.0</b>	666.0
Associates – share of (loss)/profit. . . . .	4	<b>(0.4)</b>	1.2
Profit Sharing . . . . .	16	<b>(58.6)</b>	(49.4)
Loss on sale of properties . . . . .	17	<b>(2.4)</b>	(2.5)
<b>Profit on Ordinary Activities before Interest</b> . . . . .		<b>723.6</b>	615.3
Net Interest receivable . . . . .	18	<b>9.2</b>	12.7
<b>Profit on Ordinary Activities before Tax</b> . . . . .	19	<b>732.8</b>	628.0
Tax on Profit on Ordinary Activities . . . . .	22	<b>228.8</b>	184.5
<b>Profit on Ordinary Activities after Tax</b> . . . . .		<b>504.0</b>	443.5
Minority Interest . . . . .		<b>1.2</b>	5.3
<b>Profit for Financial Year</b> . . . . .		<b>502.8</b>	438.2
<b>Dividends</b> . . . . .	23	<b>177.3</b>	153.7
<b>Profit Retained</b> . . . . .	14	<b>325.5</b>	284.5
<b>Earnings per Share</b> . . . . .	24	<b>28.47p</b>	25.69p
<b>Fully Diluted Earnings per Share</b> . . . . .	24	<b>27.94p</b>	25.22p
Adjustment for loss on sale of properties . . . . .		<b>0.13p</b>	0.12p
<b>Fully Diluted Earnings per Share</b> (excluding loss on sale of properties) . . . . .		<b>28.07p</b>	25.34p

## GROUP CASH FLOW STATEMENT

for the 52 weeks to 13th March 1993

	Note	1993 £m	1992 £m
<b>Net cash inflow from operating activities</b>	25	<b>973.2</b>	787.1
<b>Returns on investment and servicing of finance</b>			
Interest received		35.1	111.2
Interest paid		(64.2)	(144.6)
Interest element of finance lease rental payments		(7.3)	(6.9)
Dividends paid		(132.1)	(115.1)
Net cash outflow from returns on investments and servicing of finance		<b>(168.5)</b>	(155.4)
<b>Taxation</b>			
Corporation tax paid		(171.8)	(124.9)
Overseas tax paid		(7.6)	(6.8)
Tax paid		<b>(179.4)</b>	(131.7)
<b>Investing activities</b>			
Payments for tangible fixed assets		(741.7)	(707.6)
Receipts from sale of tangible fixed assets		50.5	72.1
Sale/(Purchase) of short-term investments		109.7	(190.9)
Net Investment in Associates		0.4	(6.0)
Net cash outflow from all investing activities		<b>(581.1)</b>	(832.4)
<b>Net cash inflow/(outflow) before financing</b>		<b>44.2</b>	(332.4)
<b>Financing</b>			
Issue of ordinary share capital		19.0	509.8
Expenses of capital issues		(0.8)	(6.1)
Proceeds of long-term borrowing		86.1	93.0
Repayment of long-term borrowing		(111.8)	(144.8)
Capital element of finance lease rental payments		(0.7)	(0.5)
<b>Net cash inflow/(outflow) from financing</b>	26	<b>(8.2)</b>	451.4
<b>Increase in cash and cash equivalents</b>	27	<b>36.0</b>	119.0

## GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES

for the 52 weeks to 13th March 1993

	1993 £m	1992 £m
<b>Profit for the financial year</b>	<b>502.8</b>	438.2
Unrealised surplus on revaluation of properties	—	7.3
	<b>502.8</b>	445.5
Currency translation differences on foreign currency net investments	0.1	(0.1)
<b>Total recognised gains and losses relating to the year</b>	<b>502.9</b>	445.4

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
<b>Profit for the financial year</b>	<b>502.8</b>	438.2	<b>435.3</b>	384.1
Dividends	(177.3)	(153.7)	(177.3)	(153.7)
	<b>325.5</b>	284.5	<b>258.0</b>	230.4
Other recognised gains and losses relating to the year (net)	0.1	7.2	—	8.5
New share capital subscribed less expenses of capital issues	62.2	676.9	62.2	676.9
<b>Net addition to shareholders' funds</b>	<b>387.8</b>	968.6	<b>320.2</b>	915.8
Opening shareholders' funds	2,640.9	1,672.3	2,506.5	1,590.7
<b>Closing shareholders' funds</b>	<b>3,028.7</b>	2,640.9	<b>2,826.7</b>	2,506.5

## ACCOUNTING POLICIES

### Basis of Accounts

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties. They comply with Financial Reporting Standard 3 (FRS 3) as well as all other applicable Accounting and Financial Reporting Standards. 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 set off against reserves. Goodwill comprises the excess of the purchase price over the fair value of the net assets acquired.

### Sales

Sales consist 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 having regard to the Group's projected levels of trading and capital expenditure. All short term timing differences are recognised.

### 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 service life of members of the relevant scheme.

### 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

An Associate is a Company in which the Group exercises a significant influence over operating and financial policy and has a participating interest of between 20% and 50% inclusive.

### 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.

## NOTES ON THE FINANCIAL STATEMENTS

at 13th March 1993

## Note 1 Tangible Fixed Assets

	Group			Company		
	Properties £m	Fixtures, Equipment & Vehicles £m	Total £m	Properties £m	Fixtures, Equipment & Vehicles £m	Total £m
<b>Cost or Valuation</b>						
At 14th March 1992 . . . . .	3,073.8	1,395.0	4,468.8	2,478.7	1,091.4	3,570.1
Additions . . . . .	579.0	208.2	787.2	527.4	156.0	683.4
Disposals . . . . .	34.7	37.8	72.5	33.4	25.2	58.6
Exchange adjustments . . . . .	48.2	20.1	68.3	—	—	—
At 13th March 1993 . . . . .	<u>3,666.3</u>	<u>1,585.5</u>	<u>5,251.8</u>	<u>2,972.7</u>	<u>1,222.2</u>	<u>4,194.9</u>
<b>Depreciation</b>						
At 14th March 1992 . . . . .	97.8	561.8	659.6	19.6	427.0	446.6
Provided in the year . . . . .	17.9	136.8	154.7	7.1	102.7	109.8
Disposals . . . . .	2.6	32.1	34.7	2.4	21.1	23.5
Exchange adjustments . . . . .	12.5	11.2	23.7	—	—	—
At 13th March 1993 . . . . .	<u>125.6</u>	<u>677.7</u>	<u>803.3</u>	<u>24.3</u>	<u>508.6</u>	<u>532.9</u>
<b>Net Book Value</b>						
At 13th March 1993 . . . . .	<u>3,540.7</u>	<u>907.8</u>	<u>4,448.5</u>	<u>2,948.4</u>	<u>713.6</u>	<u>3,662.0</u>
At 14th March 1992 . . . . .	<u>2,976.0</u>	<u>833.2</u>	<u>3,809.2</u>	<u>2,459.1</u>	<u>664.4</u>	<u>3,123.5</u>
<b>Capital Work-in-Progress included above</b>						
At 13th March 1993 . . . . .	101.0	33.4	134.4	81.8	29.4	111.2
At 14th March 1992 . . . . .	175.9	49.3	225.2	115.6	46.3	161.9

## Analysis of Properties

At 13th March 1993

	Group		Company	
	Cost £m	Valuation £m	Cost £m	Valuation £m
Freehold				
— Cost . . . . .	2,849.8		2,422.5	
— 1973 Valuation . . . . .		3.6		3.6
— 1992 Valuation . . . . .		78.6		76.8
Long Leasehold				
— Cost . . . . .	517.1		408.5	
— 1973 Valuation . . . . .		3.7		3.7
— 1992 Valuation . . . . .		23.0		23.0
Short Leasehold				
— Cost . . . . .	190.4		34.5	
— 1992 Valuation . . . . .		0.1		0.1
	<u>3,557.3</u>	<u>109.0</u>	<u>2,865.5</u>	<u>107.2</u>

If the properties included at valuation had been included at cost, the cost and accumulated depreciation figures at 13th March 1993 would have been:

	Group		Company	
	Cost £m	Depreciation £m	Cost £m	Depreciation £m
Freehold . . . . .	2,922.0	1.3	2,492.2	1.3
Long Leasehold . . . . .	538.0	2.8	429.3	2.8
Short Leasehold . . . . .	194.5	2.0	38.2	1.8
	<u>3,654.5</u>	<u>6.1</u>	<u>2,959.7</u>	<u>5.9</u>

The amount included in the additions of £787.2 million in respect of interest capitalised during the year ended 13th March 1993 amounted to £31.0 million after deducting tax relief of £15.1 million.

Included in the net book value of fixed assets is £70.3 million in respect of assets held under finance leases.

Note 2 **Investments**

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Subsidiaries (Note 3)	—	—	613.7	561.6
Associates (Note 4)	19.6	20.9	11.2	13.1
Other investments	9.8	6.7	—	—
	<b>29.4</b>	<b>27.6</b>	<b>624.9</b>	<b>574.7</b>

Note 3 **Investment in Subsidiaries**

The Company's principal Subsidiaries are:

	Share of Ordinary Allotted Capital	Country of Incorporation
Savacentre Limited	100%	England
Homebase Limited	75%	England
NewMarket Foods Limited (formerly Haverhill Meat Products Limited)	100%	England
Shaw's Supermarkets, Inc.	100%*	USA
J Sainsbury (U.S.A.) Inc.	100%*	USA
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. All Subsidiaries operate in the countries of their incorporation apart from J Sainsbury (Channel Islands) Limited which is managed and controlled in the UK.

**Investments**

	Company £m
Shares at cost, less amounts written off	
Balance 14th March 1992	284.1
Net Additions	0.1
Balance 13th March 1993	284.2
Long Term Capital Advances	
Balance 14th March 1992	277.5
Net Additions	52.0
Balance 13th March 1993	329.5
Total Investment 13th March 1993	613.7
14th March 1992	561.6

The consolidated accounts are based upon the audited accounts of the Company and its Subsidiaries made up to 13th March 1993, with the exception of J Sainsbury (U.S.A.) Inc. and Shaw's Supermarkets, Inc. (27th February 1993). 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/(Loss) Before Tax	
		1993 £m	1992 £m
<b>Breckland Farms Limited</b>			
200,000 "B" Ordinary Shares of £1 each	50%	0.9	0.3
141,532 1% Redeemable Preference Shares of £1 each (other shareholder, Pauls plc)			
<b>Kings Reach Investments Limited</b>			
31,604 Ordinary Shares of 1p each (other shareholders, RPH Limited and P&O Property Holdings Limited)	31.604%	0.6	0.7
<b>Sainsbury LET Property Investments Limited</b>			
500 "B" Ordinary Shares of £1 each	50%	(1.9)	0.2
9,000 Preference Shares of £1 each (other shareholder, London and Edinburgh Trust PLC)	100%		
<b>Hedge End Park Limited</b>			
5,320,107 "A" Ordinary Shares of £1 each (other shareholder, Marks & Spencer p.l.c.)	50%	—	—
		<b>(0.4)</b>	<b>1.2</b>

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

Investments	Group		Company	
	£m		£m	
Shares at cost				
Balance 14th March 1992 . . . . .	5.8		5.8	
Additions . . . . .	0.7		0.7	
Balance 13th March 1993 . . . . .	6.5		6.5	
Share of Post Acquisition Reserves				
Balance 14th March 1992 . . . . .	6.4		—	
Share of retained loss for the year . . . . .	(1.2)		—	
Balance 13th March 1993 . . . . .	5.2		—	
Long Term Capital Advances				
Balance 14th March 1992 . . . . .	8.7		7.3	
Net Decrease . . . . .	(0.8)		(0.8)	
Provision against investment . . . . .	—		(1.8)	
Balance 13th March 1993 . . . . .	7.9		4.7	
<b>Total Investment 13th March 1993</b> . . . . .	<b>19.6</b>		<b>11.2</b>	
14th March 1992 . . . . .	20.9		13.1	

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

The reserves shown above are after deducting a dividend received by J Sainsbury plc of £0.3 million (1992: £1.9 million).

All Associates operate and are registered in England.

**J Sainsbury plc Directors of Associates**

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

Kings Reach Investments Limited: R. P. Thorne and J. S. Lavelli.

Sainsbury LET Property Investments Limited: D. N. Roberts and T. A. Baker.

Hedge End Park Limited: I. D. Coull and D. N. Roberts.

Note 5 **Current Asset Investments**

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Investments listed on a recognised stock exchange . . . . .	—	85.3	—	54.5
Unlisted Investments . . . . .	78.5	104.3	78.5	84.7
	<b>78.5</b>	<b>189.6</b>	<b>78.5</b>	<b>139.2</b>

Note 6 **Stocks**

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Goods for resale and consumable stores . . . . .	414.9	362.2	261.0	229.1
Land held for development . . . . .	33.3	24.3	—	—
	<b>448.2</b>	<b>386.5</b>	<b>261.0</b>	<b>229.1</b>

Note 7 **Debtors**

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Trade	21.8	15.7	5.5	5.5
Amounts owed by Subsidiaries	—	—	10.6	8.7
Other Debtors (including £9.6 million due in more than one year)	52.0	47.9	26.6	38.4
Prepayments	20.8	16.3	13.4	10.4
Corporation Tax Recoverable	0.7	0.9	—	—
	<b>95.3</b>	<b>80.8</b>	<b>56.1</b>	<b>63.0</b>

Interest free loans of £7,000 to R. P. Whitbread and £2,000 to D. B. Adriano, both of which were made before their appointments as Directors, were repaid in full during the year.

Note 8 **Creditors**

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
<b>Due within one year:</b>				
Borrowings:				
Bank Loans and Overdrafts	67.5	133.4	21.8	90.9
First Mortgage Debentures	0.6	0.5	0.6	0.5
10% Notes 1993	—	98.8	—	98.8
Unsecured Loan Notes	2.8	7.6	—	—
Current Portion of long-term indebtedness, including finance leases	3.2	2.4	—	—
Amounts owed to Associate	7.2	6.3	7.2	6.3
Loan to Homebase Limited from minority shareholder	6.8	—	—	—
	<b>88.1</b>	<b>249.0</b>	<b>29.6</b>	<b>196.5</b>
Other Creditors:				
Trade Creditors	682.4	578.5	584.5	496.5
Corporation Tax	225.0	187.1	208.2	175.4
Social Security and Other Taxes	31.2	20.6	22.0	11.2
Other Creditors	295.0	250.2	265.1	237.6
Accruals	73.2	70.9	24.9	26.0
Amounts owed to Subsidiaries	—	—	55.5	19.4
Proposed Dividend	129.7	111.9	129.7	111.9
	<b>1,436.5</b>	<b>1,219.2</b>	<b>1,289.9</b>	<b>1,078.0</b>
	<b>1,524.6</b>	<b>1,468.2</b>	<b>1,319.5</b>	<b>1,274.5</b>

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
<b>Due after one year:</b>				
Convertible:				
8% Convertible Capital Bonds 2005	200.0	200.0	—	—
Others:				
First Mortgage Debentures	—	0.8	—	0.8
Secured Loans	2.6	5.9	—	—
Term Bank Loans	75.7	—	178.8	—
Unsecured Loan Notes	27.9	12.3	—	—
12% Notes 1995	100.0	100.0	100.0	100.0
8% Bonds 1996	104.6	87.6	104.6	87.6
9% Notes 1996	104.6	87.6	104.6	87.6
8% Irredeemable Unsecured Loan Stock	2.9	2.9	2.9	2.9
Finance Leases	80.5	61.9	—	—
Amounts due to Subsidiary Companies	—	—	183.1	200.0
Loan to Homebase Limited from minority shareholder	5.8	11.5	—	—
Other Creditors	8.6	7.4	—	—
	<b>513.2</b>	<b>377.9</b>	<b>674.0</b>	<b>478.9</b>

## Note 8 Creditors – continued

The first mortgage debentures comprise £0.6 million 6% stock 1988/93 and are due for final redemption on 31st May 1993. No stock was redeemed between 14th March 1993 and 11th May 1993. The mortgage debenture stock is secured on certain of the Group's freehold and leasehold properties.

The amount owed to an Associate bears interest at 1% above National Westminster Bank PLC base rate.

The 8% Convertible Capital Bonds were issued by J Sainsbury (Channel Islands) Limited, and are guaranteed on a subordinated basis by the Company. They are convertible into 2% Exchangeable Redeemable Preference Shares of the issuer and may be either redeemed or exchanged for ordinary shares in the Company. These Bonds are convertible at any time 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 337p per ordinary share (after adjustment to take account of the rights issue in July 1991). The issuer is entitled to require conversion on or after 20th November 1995 in certain circumstances or if 80% of the Bonds have been exchanged.

The secured loans and the 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 11.5%.

Included in term bank loans is £150.9 million borrowed by the Company during the year in order to refinance existing borrowings. The loan, which is repayable in April 2000, bears interest of 9.6%, payable in half yearly instalments. An investment of £103.1 million made by a Subsidiary has been offset against the loan in the Group balance sheet under the terms of a legal right of set off. The interest receivable by the Subsidiary in the year has been set off against the interest payable by the Company disclosed in Note 18.

Also included in term bank loans is \$40 million borrowed by the Company and repayable in December 1997. The loan interest obligation which is based on US \$ LIBOR has been swapped for a fixed rate of 6.9%.

The 12% Notes 1995 have been swapped into floating rate funds at a margin below LIBOR subject to a minimum interest rate payable of 10%.

The 8% Bonds 1996 represent \$150 million repayable in May 1996 and the 9% Notes 1996 represent \$150 million repayable in October 1996.

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

## Note 9 Borrowings

	Group		Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Due within one year:				
Bank and Other Loans . . . . .	87.2	248.0	29.6	196.5
Leases . . . . .	0.9	1.0	—	—
Due after one and within two years:				
Bank and Other Loans . . . . .	108.6	12.1	100.0	17.6
Leases . . . . .	1.1	0.8	—	—
Due after two and within five years:				
Bank and Other Loans . . . . .	263.1	288.5	237.1	275.2
Leases . . . . .	4.6	3.2	—	—
Due wholly or in part by instalments after five years:				
Bank and Other Loans . . . . .	1.7	5.1	—	—
Leases . . . . .	74.8	57.9	—	—
Due otherwise than by instalments after five years:				
Bank and Other Loans . . . . .	50.7	2.9	336.9	186.0
Convertible Capital Bonds . . . . .	200.0	200.0	—	—
	<b>792.7</b>	<b>819.5</b>	<b>703.6</b>	<b>675.3</b>



## Note 10 Deferred Tax

The potential liabilities for deferred tax and the amounts recognised are as follows:

	Group				Company			
	1993		1992		1993		1992	
	Total £m	Provision £m	Total £m	Provision £m	Total £m	Provision £m	Total £m	Provision £m
Timing differences between depreciation and capital allowances . . . . .	160.7	13.2	141.9	10.4	123.9	—	109.3	—
Other timing differences . . . . .	(10.4)	(15.2)	(8.7)	(8.7)	(9.4)	(9.4)	(5.5)	(5.5)
	<u>150.3</u>	<u>(2.0)</u>	<u>133.2</u>	<u>1.7</u>	<u>114.5</u>	<u>(9.4)</u>	<u>103.8</u>	<u>(5.5)</u>

## Note 11 Called Up Share Capital

	Number Allotted Fully paid shares	Aggregate Nominal Value £m	Consideration £m
Ordinary Shares of 25p each Authorised – 2,000,000,000 shares		<b>500.0</b>	
At 14th March 1992 . . . . .	<b>1,757,601,719</b>	<b>439.4</b>	
Shares allotted:			
Profit Sharing Scheme . . . . .	<b>3,569,700</b>	<b>0.9</b>	<b>16.6</b>
Savings-Related Share Option Schemes . . . . .	<b>3,128,315</b>	<b>0.8</b>	<b>7.1</b>
Executive Share Option Schemes . . . . .	<b>4,684,208</b>	<b>1.2</b>	<b>11.9</b>
Scrip Dividend . . . . .	<b>5,777,955</b>	<b>1.4</b>	<b>27.4</b>
At 13th March 1993 . . . . .	<b>1,774,761,897</b>	<b>443.7</b>	<b>63.0</b>

Contingent rights to the allotment of 59,347,181 ordinary shares in the Company at 337p (after adjustment to take account of the rights issue in July 1991) exist until 19th November 2005 under the terms of the issue of £200 million 8½% Convertible Capital Bonds 2005 (see Note 8).

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 13th March 1993 were as follows:

### (a) Savings-Related Share Options

Date of Grant	Price	Options outstanding at the end of the year	
		1993	1992
10th November 1986 . . . . .	181.792p	—	754,910
9th November 1987 . . . . .	245.024p	<b>519,803</b>	2,739,689
16th May 1988 . . . . .	204.516p	<b>77,343</b>	79,455
14th November 1988 . . . . .	176.852p	<b>3,602,301</b>	3,822,398
9th January 1990 . . . . .	205.504p	<b>6,071,853</b>	6,517,114
19th December 1990 . . . . .	237.120p	<b>6,584,343</b>	7,019,255
30th December 1991 . . . . .	276.000p	<b>8,124,932</b>	8,601,773
4th December 1992 . . . . .	393.000p	<b>8,316,918</b>	—
		<b>33,297,493</b>	29,534,594

## Note 11 Called Up Share Capital – continued

## (b) Executive Share Options

Date of Grant	Price	Options outstanding at the end of the year	
		1993	1992
28th January 1985 . . . . .	156.104p	60,403	100,293
16th September 1985 . . . . .	166.972p	—	16,076
14th July 1986 . . . . .	193.648p	282,646	637,216
9th March 1987 . . . . .	238.602p	29,664	74,936
13th July 1987 . . . . .	281.580p	949,692	1,925,232
9th February 1988 . . . . .	217.360p	1,038,486	2,056,123
31st July 1989 . . . . .	272.688p	3,048,080	5,261,188
28th February 1991 . . . . .	322.088p	5,564,845	5,579,077
28th August 1992 . . . . .	447.000p	5,475,773	—
		<u>16,449,589</u>	<u>15,650,141</u>

Figures for all prices and options outstanding are adjusted for the capitalisation issue in July 1987 and for the rights issue in July 1991.

## Note 12 Share Premium Account

	Company
	£m
Balance 14th March 1992 . . . . .	837.5
Savings-Related Share Option Schemes . . . . .	6.3
Executive Share Option Schemes . . . . .	10.7
Profit Sharing Scheme . . . . .	15.7
Scrip Dividend . . . . .	26.0
Expenses of Capital Issues . . . . .	(0.8)
Balance 13th March 1993 . . . . .	<u>895.4</u>

## Note 13 Revaluation Reserve

	Group	Company
	£m	£m
Balance 13th March 1993 and 14th March 1992 . . . . .	<u>26.8</u>	<u>28.1</u>

## Note 14 Profit and Loss Account

	Group	Company
	£m	£m
Balance 14th March 1992 . . . . .	1,337.2	1,201.5
Profit retained for the year . . . . .	325.5	258.0
Currency Movements . . . . .	0.1	—
Balance 13th March 1993 . . . . .	<u>1,662.8</u>	<u>1,459.5</u>

The cumulative goodwill written off against the reserves of the Group as at 13th March 1993 amounted to £143.0 million. No provision has been made for additional taxation which would arise if profits of overseas Subsidiaries were distributed.

Note 15 Segment Analysis of Turnover, Profit and Net Assets

	Group					
	1993			1992		
	Turnover £m	Profit £m	Net Assets £m	Turnover £m	Profit £m	Net Assets £m
Food Retailing – United Kingdom . . . . .	8,886.0	752.2	3,046.7	7,892.3	631.5	2,653.4
Food Retailing – United States . . . . .	1,090.6	18.6	359.6	1,043.1	20.6	256.4
DIY Retailing – United Kingdom . . . . .	282.8	17.8	165.3	257.6	15.3	157.6
Other Operating Activities . . . . .	10.3	(3.6)	44.3	9.3	(1.4)	45.8
	<u>10,269.7</u>			<u>9,202.3</u>		
Operating Profit . . . . .		785.0			666.0	
Associates – share of (loss)/profit . . . . .		(0.4)			1.2	
Profit Sharing . . . . .		(58.6)			(49.4)	
Loss on sale of properties . . . . .		(2.4)			(2.5)	
Net Interest Receivable . . . . .		9.2			12.7	
Group Profit before Tax . . . . .		<u>732.8</u>			<u>628.0</u>	
Capital Employed . . . . .			3,615.9			3,113.2
Net Borrowings . . . . .			(569.8)			(456.1)
Minority Interest . . . . .			(17.4)			(16.2)
Net Assets . . . . .			<u>3,028.7</u>			<u>2,640.9</u>

The Group Financing is undertaken centrally and in consequence the Group interest has not been attributed to classes of business or geographical areas. The analysis of capital employed by class of business and geographical area is calculated on net assets excluding net borrowings.

Turnover is disclosed by origin. There is no material difference in turnover by destination.

	Group	
	1993 £m	1992 £m
Net Margin on tax inclusive sales:		
United Kingdom . . . . .	8.35%	7.91%
United States . . . . .	1.70%	1.98%
	<u>7.64%</u>	<u>7.24%</u>
Net Margin on tax exclusive sales:		
United Kingdom . . . . .	8.91%	8.43%
United States . . . . .	1.72%	2.00%
	<u>8.10%</u>	<u>7.66%</u>

Note 16 Profit Sharing

The amount due to UK retail employees under the Profit Sharing Scheme is calculated on the UK retail operating profits and UK net interest but excluding the loss on sale of properties of participating companies.

The figure on which the profit sharing fund is based is £779.3 million. £55.0 million has been provided for the profit fund and £3.6 million for Employers National Insurance.

Note 17 Loss on Sale of Properties

	Group	
	1993 £m	1992 £m
Surplus on sale and leaseback of properties . . . . .	7.5	0.9
Less: Losses and provisions for losses on disposal of other properties . . . . .	9.9	3.4
	<u>2.4</u>	<u>2.5</u>

## Note 18 Net Interest Receivable

	Group	
	1993 £m	1992 £m
Interest receivable . . . . .	32.7	116.6
Interest payable:		
Bank and Other Interest on loans wholly repayable within five years . . . . .	40.9	134.1
On loans not wholly repayable within five years		
Term Bank Loan . . . . .	2.9	—
Loan Stock Interest . . . . .	0.2	0.2
Other Loans payable by instalments . . . . .	1.3	1.6
Finance Leases . . . . .	7.3	6.9
Convertible Capital Bonds . . . . .	17.0	17.6
	69.6	160.4
Interest Capitalised	46.1	56.5
	23.5	103.9
<b>Net Interest Receivable</b>	<b>9.2</b>	<b>12.7</b>

Interest receivable includes income from listed investments of £5.6 million (1992: £4.0 million).

## Note 19 Profit on Ordinary Activities before Tax

	Group	
	1993 £m	1992 £m
This has been arrived at after charging:		
Depreciation – owned assets . . . . .	150.7	133.9
– finance leases . . . . .	4.0	1.7
Pension Costs . . . . .	33.3	31.5
Directors' Emoluments (Note 21) . . . . .	3.9	3.2
Auditors' Remuneration – audit fee (Company £0.3 million, 1992 £0.3 million) . . . . .	0.5	0.5
– other services . . . . .	0.7	0.8
Pensions to former Directors . . . . .	0.1	0.1
Operating Lease Rentals – plant and equipment . . . . .	8.5	7.2
– other . . . . .	103.5	96.5

## Note 20 Employees

	Group	
	1993 £m	1992 £m
Employees' remuneration and related costs during the year amounted to:		
Wages and Salaries . . . . .	937.6	849.3
Social security costs . . . . .	64.7	58.2
Other pension costs . . . . .	33.3	31.5
	1,035.6	939.0
Employees' Profit Sharing Scheme . . . . .	58.6	49.4
	1,094.2	988.4
The weekly average number of employees during the year was:		
Full-time . . . . .	42,776	42,310
Part-time . . . . .	77,343	70,474
	120,119	112,784
Full-time equivalent . . . . .	76,524	72,896

Note 21 **Directors' Remuneration**

	1993	1992
	£'000	£'000
Chairman – Lord Sainsbury KG to 2nd November 1992 . . . . .	221	221
Chairman – D. J. Sainsbury from 3rd November 1992 . . . . .	98	—
Highest paid Director. . . . .	378	280

Remuneration of all Directors fell within the following ranges:

	1993	1992		1993	1992
£ 5,001 – £ 10,000 . . . . .	2	—	£ 185,001 – £ 190,000 . . . . .	1	—
£ 10,001 – £ 15,000 . . . . .	—	1	£ 190,001 – £ 195,000 . . . . .	2	—
£ 15,001 – £ 20,000 . . . . .	2	2	£ 195,001 – £ 200,000 . . . . .	1	2
£ 35,001 – £ 40,000 . . . . .	—	1	£ 200,001 – £ 205,000 . . . . .	—	1
£ 50,001 – £ 55,000 . . . . .	—	1	£ 210,001 – £ 215,000 . . . . .	2	—
£ 55,001 – £ 60,000 . . . . .	1	—	£ 220,001 – £ 225,000 . . . . .	2	1
£ 90,001 – £ 95,000 . . . . .	1	—	£ 230,001 – £ 235,000 . . . . .	—	1
£ 95,001 – £ 100,000 . . . . .	—	1	£ 240,001 – £ 245,000 . . . . .	1	1
£ 110,001 – £ 115,000 . . . . .	1	—	£ 245,001 – £ 250,000 . . . . .	1	1
£ 135,001 – £ 140,000 . . . . .	—	1	£ 280,001 – £ 285,000 . . . . .	—	1
£ 140,001 – £ 145,000 . . . . .	—	1	£ 285,001 – £ 290,000 . . . . .	1	—
£ 160,001 – £ 165,000 . . . . .	—	1	£ 290,001 – £ 295,000 . . . . .	1	—
£ 165,001 – £ 170,000 . . . . .	—	1	£ 335,001 – £ 340,000 . . . . .	1	—
£ 170,001 – £ 175,000 . . . . .	—	1	£ 375,001 – £ 380,000 . . . . .	1	—
£ 175,001 – £ 180,000 . . . . .	—	1			

Directors' remuneration includes an element of 22.6% (1992: 9.5%) of basic salary paid as a performance related bonus in respect of the previous financial year. The bonus is calculated in accordance with a formula which is linked to the year on year increase in Group profits, reduced by inflation, subject to a maximum of 25% of basic salary achieved when real profits growth is 20%.

Note 22 **Tax on Profit on Ordinary Activities**

	Group	
	1993	1992
	£m	£m
The tax charge for the year is:		
Corporation tax at 33% (1992: 33%) . . . . .	226.8	193.3
Overprovision in prior years . . . . .	(0.5)	(14.6)
Deferred tax . . . . .	(0.7)	—
Overseas tax . . . . .	2.7	5.5
Share of Associates' tax . . . . .	0.5	0.3
	<b>228.8</b>	<b>184.5</b>

The tax charge for the year takes account of the tax benefits of excess capital allowances over depreciation for the year of £16.0 million. After deducting tax relief of £15.1 million on interest capitalised the net amount of corporation tax of £211.7 million is payable in December 1993.

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

Note 23 **Dividends**

	Company	
	1993	1992
	£m	£m
Interim . . . . .	47.6	42.0
Proposed final . . . . .	129.7	111.7
	<b>177.3</b>	<b>153.7</b>

The interim dividend of 2.7p per share, paid on 18th January 1993, together with the related tax credit, is equal to 3.6p and the proposed final dividend of 7.3p per share, together with the related tax credit, is equal to 9.13p.

**Note 24 Earnings Per Share**

The calculation of earnings per share is based on profit after tax and minority interest, divided by the weighted average number of ordinary shares in issue during the year of 1,765,925,149 (1992: 1,705,424,518).

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

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

The amount so derived is divided by the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares arising from the above adjustments, which together totalled 1,875,019,412 (1992: 1,815,097,573).

The alternative measures of earnings per share provided reflect the Group's underlying trading performance by excluding the effect of profits and losses on the disposal of properties and taking account of anticipated future dilution of earnings per share.

**Note 25 Reconciliation of operating profit to net cash inflow from operating activities**

	Group	
	1993 £m	1992 £m
Operating profit . . . . .	785.0	666.0
Profit sharing . . . . .	(58.6)	(49.4)
Depreciation charges . . . . .	154.7	135.6
Increase in stocks . . . . .	(48.0)	(1.5)
(Increase)/Decrease in debtors . . . . .	(22.1)	4.7
Increase in creditors . . . . .	162.2	31.7
<b>Net cash inflow from operating activities . . . . .</b>	<b>973.2</b>	<b>787.1</b>

**Note 26 Analysis of changes in financing during the year**

	Group			
	Share Capital (including premium)		Loans and Finance Lease obligations	
	1993 £m	1992 £m	1993 £m	1992 £m
Balance 14th March 1992 . . . . .	1,276.9	600.0	686.1	867.7
Cash flows from financing . . . . .	18.2	503.7	(26.4)	(52.3)
Non cash transactions:				
Conversion of 5% Bonds 2004 . . . . .	—	147.3	—	(147.3)
Scrip Dividend . . . . .	27.4	10.0	—	—
Employee Profit Sharing . . . . .	16.6	15.9	—	—
Inception of finance lease contracts . . . . .	—	—	7.2	1.7
Effect of foreign exchange rate changes . . . . .	—	—	58.3	16.3
<b>Balance 13th March 1993 . . . . .</b>	<b>1,339.1</b>	<b>1,276.9</b>	<b>725.2</b>	<b>686.1</b>
Comprising:				
Share Capital (Note 11) . . . . .	443.7	439.4	—	—
Share Premium (Note 12) . . . . .	895.4	837.5	—	—
Borrowings (Note 9) . . . . .	—	—	792.7	819.5
Less: included in cash and cash equivalents (Note 27). . . . .	—	—	(67.5)	(133.4)
<b>Balance 13th March 1993 . . . . .</b>	<b>1,339.1</b>	<b>1,276.9</b>	<b>725.2</b>	<b>686.1</b>

Cash flows from financing comprise £18.2 million inflow from share capital and share premium and £26.4 million outflow from loans and finance lease obligations, resulting in an outflow of £8.2 million, as shown in the cash flow statement.

**Note 27 Analysis of changes in cash and cash equivalents during the year**

	Group	
	1993	1992
	£m	£m
Balance 14th March 1992 . . . . .	40.5	(78.5)
Net cash inflow before adjustments for the effect of foreign exchange rate changes . . . . .	36.0	119.0
Effect of foreign exchange rate changes . . . . .	0.4	—
Balance 13th March 1993 . . . . .	<u>76.9</u>	<u>40.5</u>

Cash and cash equivalents comprise cash at bank and in hand £144.4 million (1992: £173.9 million) less bank loans and overdrafts £67.5 million (1992: £133.4 million).

**Note 28 Future Capital Expenditure**

	Group	
	1993	1992
	£m	£m
Contracted for but not provided for in the accounts . . . . .	416.9	418.5
Authorised but not contracted for to date by Board of Directors . . . . .	478.9	470.5

**Note 29 Contingent Liabilities and Financial Commitments**

The Group has guaranteed borrowing facilities for Associates to the extent of £3.1 million (1992: £4.8 million) at the date of approval of these accounts. Other contingent liabilities amounted to £0.9 million (1992: £0.1 million) at that date.

The Company has guaranteed the borrowings of a Subsidiary which, at 13th March 1993 amounted to £200.0 million (1992: £200.0 million).

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

	£m
<b>Land and Buildings</b>	
Leases which expire within the year . . . . .	0.3
Leases which expire within 2-5 years . . . . .	0.4
Leases which expire after 5 years . . . . .	103.8
<b>Other Leases</b>	
Leases which expire within the year . . . . .	1.5
Leases which expire within 2-5 years . . . . .	6.1
Leases which expire after 5 years . . . . .	1.0

**Note 30 Pension Commitments**

The Group operates defined benefit pension schemes in the UK. The costs are assessed on the advice of independent qualified actuaries.

Of the total pension costs of the Group, £28.3 million (1992: £27.1 million) relates to the UK Schemes.

For administrative reasons, a number of members of the J Sainsbury Pension and Death Benefit Scheme were transferred to the newly-formed J Sainsbury Executive Pension Scheme with effect from 27th September 1992. No change in the benefit entitlements of any of the members of either Scheme arose as a result of the change, nor was the value of the total assets affected. Consequently, the moves have had no effect on the pension cost incurred by the Company during the year. The two Schemes will be subject to separate valuations in March 1994. The assets are to be held in individual funds for which separate trustee companies are responsible.

The latest actuarial valuation of the UK Scheme was carried out prior to the transfer by independent qualified actuaries as at 16th March 1991, using the projected unit 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 valuation the market value of the assets of the UK Scheme was £859 million and the actuarial value of the assets was sufficient to cover 132% of the benefits that had accrued to members, allowing for expected future increases in earnings. The ongoing pension cost to the Company has been offset by the amortisation of that part of the surplus not used for improved benefits as a level percentage of net pensionable earnings over 12½ years.

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.

## DIRECTORS' INTERESTS

	Ordinary Shares		Options over Ordinary Shares			
	13th March 1993	14th March 1992	13th March 1993	Granted during year	Exercised during year	14th March 1992
D. J. Sainsbury†	312,491,570	343,495,978	109,751	—	—	109,751
R. T. Vyner	46,573	21,634	209,773	140,337	53,166	122,602
D. A. Quarmby	53,400	58,578	317,000	128,635	—	188,365
R. A. Clark	115,447	108,226	149,249	90,186	92,751	151,814
K. C. Worrall	126,796	125,076	216,768	58,939	23,696	181,525
I. D. Coull	7,483	5,763	122,626	76,062	34,833	81,397
R. Cooper	67,597	64,630	163,285	69,941	—	93,344
J. E. Adshead	20,375	6,145	108,666	64,498	36,665	80,833
C. I. Harvey	55,346	58,126	176,325	63,155	—	113,170
D. B. Adriano	14,900	19,424	93,718	55,928	24,932	62,722
R. P. Whitbread	17,369	15,871	135,809	56,702	17,554	96,661
R. P. Thorne	1,692	—	67,114	67,114	—	—
D. J. Clapham	42,466	48,860*	86,534	—	—	86,534*
J. H. G. Barnes	47,055	47,027	62,333	—	—	62,333
Sir James Spooner	8,400	8,400	—	—	—	—
Lady Eccles	4,024	2,966	—	—	—	—
Sir Terence Heiser	1,000	—	—	—	—	—

\*As at date of appointment.

## Notes:

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

†The change in D. J. Sainsbury's beneficial holding reflects the gift of 35,585,000 shares he made in January 1993 to the Gatsby Charitable Foundation, a grant making trust of which he is not a trustee, offset by shares he received in lieu of cash dividends.

D. J. Sainsbury has non-beneficial holdings of 5,654,412 (1992: 226,277) shares and £2,095 (1992: £2,095) 8% Irredeemable Unsecured Loan Stock in trusts, including a charitable trust, of which he is a trustee.

Between 13th March 1993 and 11th May 1993 there were no changes in the Directors' interests, other than 216 shares acquired beneficially by J. E. Adshead, by way of monthly subscriptions to the Company's General Personal Equity Plan.

## SHAREHOLDERS' INTERESTS

13th March 1993

Number of Shareholders: 89,516 (1992: 80,441)

Shareholdings Range	Shareholders %		Shares %	
	1993	1992	1993	1992
500 and under	34.66	31.59	0.31	0.26
501 to 1,000	19.72	17.69	0.74	0.61
1,001 to 10,000	41.89	46.56	5.51	5.64
10,001 to 100,000	2.88	3.30	3.84	3.83
100,001 to 1,000,000	0.62	0.62	10.94	9.81
and over 1,000,000	0.23	0.24	78.66	79.85
	<b>100.00</b>	100.00	<b>100.00</b>	100.00

## Category of Shareholders

	Shareholders %		Shares %	
	1993	1992	1993	1992
Pension Funds	0.08	0.10	5.27	5.22
Insurance Companies	0.38	0.49	4.78	6.36
Investment Trusts	0.10	0.12	0.06	0.21
Banks and Nominee Companies	13.39	11.08	33.76	31.83
Other Corporate Bodies	1.84	1.93	6.07	5.87
Other Shareholders	84.21	86.28	50.06	50.51
	<b>100.00</b>	100.00	<b>100.00</b>	100.00

At the year end the Trustees of the Profit Sharing Scheme held 21,143,114 shares (1992: 22,151,162) on behalf of 37,700 participants (1992: 35,796) in the Scheme. The Trustees' holding is included in 'Other Shareholders' above.



## FINANCIAL CALENDAR

### 1 Dividend and Interest Payments

Ordinary Dividend	Interim . . . . .	announced November . . . . .	paid January
	Final . . . . .	proposed May . . . . .	paid July
8% Irredeemable Unsecured Loan Stock		1st March . . . . .	1st September
9% Notes 1996		2nd October	
8% Convertible Capital Bonds 2005		6th March . . . . .	6th September
12% Notes 1995		1st March	
8% Bonds 1996		9th May	

### 2 Other dates – Financial Year 1993/94

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

## OTHER INFORMATION FOR SHAREHOLDERS

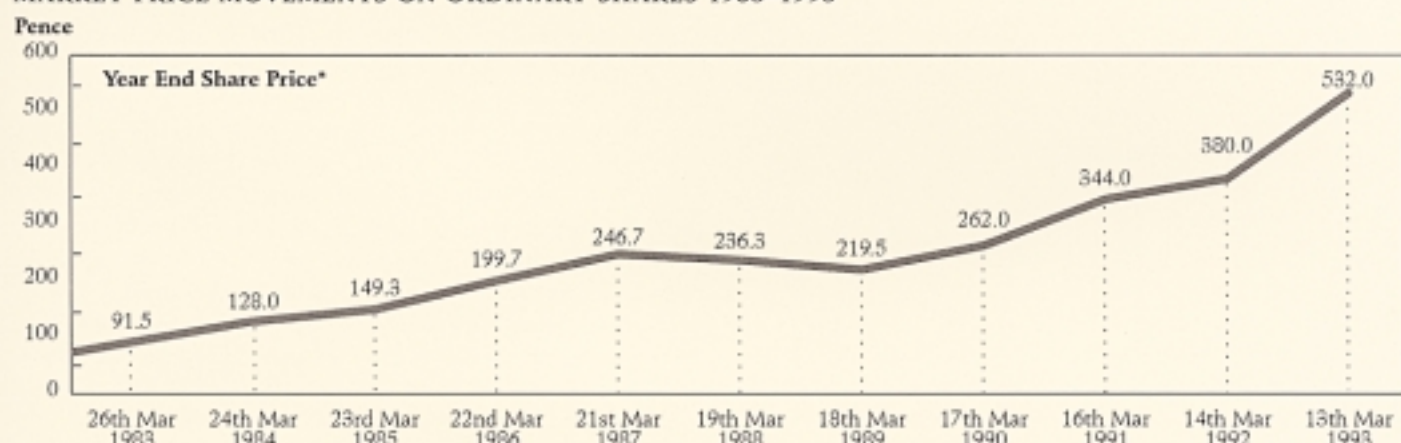
### PERSONAL EQUITY PLANS

On the Company's behalf, Bradford & Bingley (PEPs) Limited operates the following Personal Equity Plans:

- The Sainsbury's General Personal Equity Plan.
- The Sainsbury's Single Company Personal Equity Plan.

For further information you may write to Bradford & Bingley (PEPs) Limited, PO Box 50, Main Street, Bingley, West Yorkshire BD16 2LW or telephone 0274 555677.

### MARKET PRICE MOVEMENTS ON ORDINARY SHARES 1983–1993



\* Middle market prices at the end of each financial year adjusted for capitalisation issues in 1982, 1984 and 1987 and for rights issue in 1991.

### TAX INFORMATION

#### Capital Gains Tax

The market values of ordinary shares for Capital Gains Tax purposes are as follows:

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

The above values have been adjusted for all capitalisation issues, but not for the rights issue of July 1991. These values are adjustable by the indexation allowance.

#### Scrip Dividend Scheme

The cash equivalent of the new shares is as follows:

	Cash Equivalent	Gross Income for UK Tax Purposes*
Final Dividend 1992 (paid 31st July 1992)	471.60p	628.80p
Interim Dividend 1993 (paid 18th January 1993)	483.40p	644.53p

\*Cash equivalent grossed up for tax at the basic rate of 25%.

### SCRIP DIVIDEND: FINAL 1992/93

#### Key Dates

Ordinary Shares record date . . . . .	11th June
Last date for receipt by Registrars of mandates/revocations (Return Date) . . . . .	5th July
Scrip Dividend share certificates posted . . . . .	29th July
First day of dealing in new shares . . . . .	30th July

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY given that the Annual General Meeting of J Sainsbury plc will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday 7th July 1993 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 13th March 1993 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint D. J. Clapham as a Director.
- 4 To re-appoint Sir Terence Heiser as a Director.
- 5 To re-appoint Dr. J. M. Ashworth as a Director.
- 6 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 as Special Resolutions.
- 7 That:
  - (a) subject to the variation contained in paragraph (b) of this Resolution, the power conferred on the Directors by paragraph (C) of Article 9 of the Articles of Association of the Company (being the power to allot equity securities pursuant to the authority contained in paragraph (A) of Article 9 as if the statutory pre-emption rights did not apply to such allotment) be and 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 £22,000,000 (being approximately 5% of the issued share capital of the Company).
- 8 That the Directors be and are hereby authorised:
  - (a) to exercise the power contained in Article 130 of the Articles of Association of the Company to offer to holders of ordinary shares in the capital of the Company the option to elect to receive new ordinary shares of 25p each in the capital of the Company, credited as fully paid:-
    - (i) subject to the approval of the recommended final dividend of 7.3p per ordinary share in respect of the year ended 13th March 1993, instead of all or part of the said final dividend; and
    - (ii) instead of all or part of any dividend or dividends paid or declared during the period commencing on the date hereof and expiring at the conclusion of the Annual General Meeting of the Company to be held in 1998; 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 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. E. Matthews**

Secretary

10th June 1993

### 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 Notice of Meeting is sent to 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

### Registered Office

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

### Registrars

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

### Auditors

Clark Whitehill  
25 New Street Square, London EC4A 3LN

### Solicitors

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

### Stockbrokers

S. G. Warburg Securities Ltd.  
1 Finsbury Avenue, London EC2M 2PA

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