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The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause



annual report and accounts 1987





There are more than 20 different dishes in Sainsbury's range of fresh chilled "Ready Meals". Prepared under the expert eyes of traditional chefs, they are ready for cooking in microwave or conventional ovens. Introduced in June 1986 they have already captured over 10% of the market.



Sainsbury's Annual Report and Accounts 1987

The new report and accounts for Sainsbury's 1987 show a year of growth and success. The company has achieved a record turnover of £1.5 billion, a 10% increase on the previous year. This is due to a combination of factors, including the opening of new supermarkets, the success of the Sainsbury's Club loyalty scheme, and the company's strong performance in the food and household goods sectors. The report also details the company's financial performance, including a profit before tax of £100 million, a 15% increase on the previous year. The company's share price has risen by 10% over the year, and it has paid a dividend of 10p per share. The report concludes with a statement from the Chairman, Sir John Gollan, who says: 'I am proud to say that Sainsbury's has achieved a year of exceptional success. We have grown our business, improved our services, and increased our profitability. We look forward to continuing this success in the coming year.'

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Joint Presidents

Lord Sainsbury of Drury Lane
Sir Robert Sainsbury

Board of Directors

Sir John Sainsbury Hon DSc (Econ) *Chairman and Chief Executive*
Sir Roy Griffiths *Deputy Chairman and Managing Director*
D. J. Sainsbury *Finance/Chairman, SavaCentre*
G. C. Hoyer Millar *Development/Chairman, Homebase*
J. H. G. Barnes *Assistant Managing Director, Retail*
R. T. Vyner *Assistant Managing Director, Buying and Marketing*
C. Roberts *Meat, Pork Products and Bakery Buying*
R. A. Ingham *Dairy, Produce and Off-Licence Buying*
R. A. Clark *Personnel and Data Processing*
D. E. Henson *Financial Controller*
D. A. Quarmby *Distribution*
K. C. Worrall *Grocery and Non-Foods Buying*
Sir James Spooner *Non-Executive*
The Rt. Hon. James Prior *Non-Executive*
Mrs. D. C. Eccles *Non-Executive*

Departmental Directors

D. B. Adriano *Area Director*
J. E. Blake *Systems Strategy and Planning*
M. Broomfield *Area Director*
A. B. Cheesman *Off-Licence and Delicatessen Buying*
D. J. Clapham *Retail Operations*
M. D. Conolly *Marketing*
R. Cooper *Meat and Poultry Buying*
E. A. Q. Davidson *Treasurer*
N. A. Franks *Property*
J. Galloway *Area Director*
D. J. Graham *Distribution*
J. G. Grindle *Retail Operations*
C. I. Harvey *Area Director*
C. T. Haynes *Area Director*
M. S. Hughes *Bacon, Pork Products and Bakery Buying*
A. L. Jacobs *Data Processing*
R. Linfield *Architects and Engineering*
R. McLaren *Dairy and Frozen Foods Buying*
A. R. Mathias *Distribution*
N. F. Matthews *Company Secretary*
M. D. Morgan *Grocery Buying*
F. E. Netscher *Chief Accountant*
E. G. Ricketts *Merchandising*
M. Rosen *Non-Foods Buying*
D. W. Smith *Area Director*
Dr. R. Spencer *Scientific Services*
O. R. Thomas *Personnel*
R. P. Whitbread *Produce Buying*

J Sainsbury plc
Registered Office
Stamford House
Stamford Street
London SE1 9LL

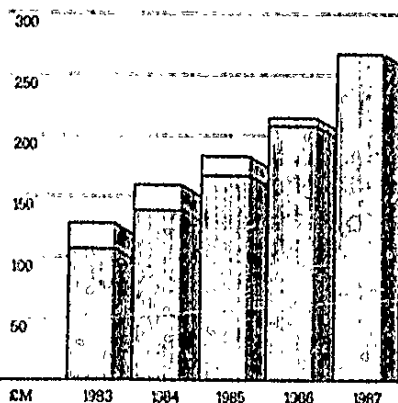
Registrars
National Westminster Bank PLC
Registrar's Department
P.O. Box No. 82
Caxton House
Redcliffe Way
Bristol BS99 7NH

£ million	1987 52 weeks to 21st March	1986 52 weeks to 22nd March	Increase
Group Sales*	4,043.5	3,575.2	13.1%
Retail Profit*	250.2	194.9	28.4%
Net Margin*	6.19%	5.45%	
Associates—share of profit	17.9	13.6	31.1%
Group Profit before Tax and Profit Sharing	268.1	208.5	28.6%
Profit Sharing	21.2	15.8	34.2%
Group Profit before Tax and after Profit Sharing	246.9	192.7	28.1%
Group Profit after Tax and after Profit Sharing	158.0	127.3	24.1%
Earnings per Share (35% tax)	22.68p	17.92p	26.6%
Dividend per share	7.00p	5.5p	27.3%
Annual investment	288.8		20.0%

* Figures include Homebase but exclude SavaCentre and other Associates

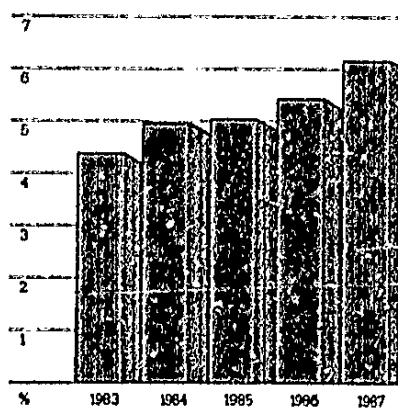
Profit before Tax and Profit Sharing

Actual
1987 values



The year's increase in profit before tax and profit sharing of £59.6 million is a record in both cash terms and real terms.

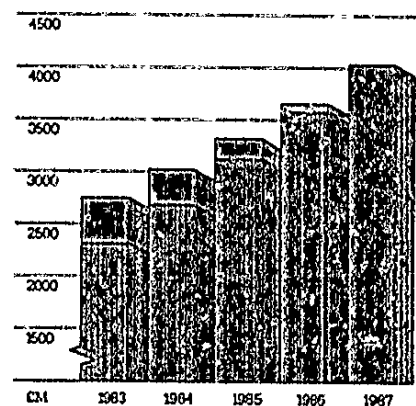
Net Margin



Net Margin has risen steadily to the record level of 6.19%.

Group Sales

Actual
1987 values



In five years Group sales have increased in cash terms by 75% and in real terms by 47%.



Sir John Sainsbury talking to staff during a store visit

Chairman's Statement 1987

Group Profit before tax and profit sharing increased by 28.6% in 1987, to £268 million. This is the eighth year in which profit has increased by more than 20%. We believe that this record of consistent internally generated growth is unmatched by any other large UK company. Over the eight years profit has increased eightfold.

Net margin on retail sales at 6.19% and current cost return on capital employed of 19.3% were both at record levels. Earnings per share increased by 22.6% in real terms.

These results confirm our success in continuing to provide today's shopper with good quality at low prices and doing so in an increasingly efficient and productive way. The panel on page 6 shows how consistently Sainsbury's has held prices below those of its competitors and the chart on page 13 shows productivity at record levels.

Sales

Supermarket sales increased by 12.8%. Volume growth was over 10%, of which about one quarter came from existing stores and about three quarters from new stores. Food inflation at 2.4% was once again below general inflation and was at its lowest level for nineteen years.

4 Our share of the national trade in food and drink

shops as measured by the Department of Trade and Industry increased from 9.1% to 9.7%. An independent audit of market shares for packaged grocery products shows a similar proportionate increase in our share, whilst our major competitors' shares have hardly changed.

Supermarket Development Programme

The steady rise in market share reflects our sustained supermarket opening programme, which has been at 15-17 new stores a year for the past seven years. During this period the average size of new stores has increased from 16,890 sq.ft. sales area to 29,150 sq.ft.

Our new supermarkets are far superior to those of seven years ago in car-parking facilities, shopping environment and in the width of the range of own label and branded goods. Trading hours are longer and customers spend more per visit; as a result, our modern stores can trade comfortably at sales intensities which seven years ago often caused congestion and inconvenience. Company-wide sales intensity (see chart on page 15) continues to be at twice the average for the trade.

We plan to increase the rate of new store openings towards 20 a year over the next few years. We shall continue to fund the programme from internal cash generation and further borrowing within conservative criteria.

New Product Development

This has been an active year for product development with the introduction of some three hundred new Sainsbury label products.

Amongst these new products were, for example, a wide range of chilled ready meals, various prepared salads, quick-cook poultry and a selection of fromage frais products. The promotion of new and highly innovative lines is an important constituent of our colour press advertising which has again won awards this year. Some of these advertisements are reproduced on the inside back cover of this Report.

Our buyers and food technologists have continued the work, begun the previous year, of reducing the number of additives in Sainsbury products and, wherever practical, replacing artificial additives with natural additives. Over six hundred products were modified during the year.

New Systems Development

We have established a major competitive lead in the use of in-store computers and price scanning at the checkout. The large majority of branches now have computers and a hundred, accounting for a half of supermarket sales, now have scanning.

Scanning enables us to provide customers with a better checkout service, including a fully-itemised till receipt, and dispenses with the need for price-marking of goods and separate weigh/price points for fruit and vegetables. It also provides branch and central management with much valuable marketing and operational data.

The new technology in the branches is the most visible part of a new generation of Company systems which have been developed over the past five years under the guidance of user committees led by relevant Board Directors. The benefit of the new systems is well illustrated by the sharp improvement in productivity during the past two years, when at the same time extra staff have been employed to improve service at the checkout.

Suppliers

We take pride in building a long-term relationship with all our suppliers of goods and services, large and small, and thank them for their close co-operation during the year.

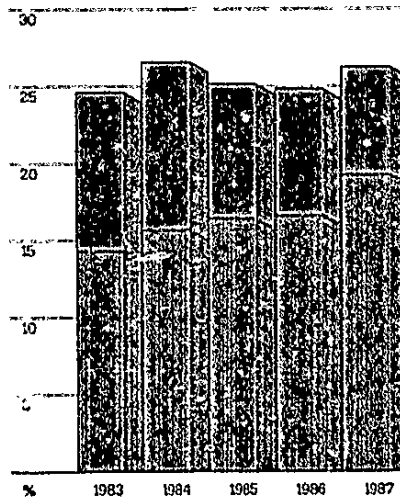
We have always been glad to support vigorous, small companies in the food manufacturing sector; our buyers and technologists work closely with them, particularly in developing products to be sold under the Sainsbury label. At the same time, it is pleasing to record the good relations we enjoy with major manufacturers and to see the very satisfactory profit trend of their results in the past two years.

Homebase and Associates

The five trading companies (see page 10), in which Sainsbury's has interests varying from 28.5% to 75%, now have sales amounting to over £1 billion and profit amounting to £48 million. They are all successful businesses with

Return on Capital Employed

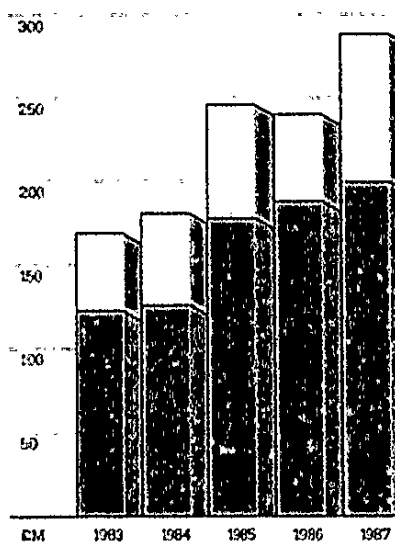
Historic cost basis
Current cost basis



Despite markedly increased site costs, current cost return on capital employed has risen steadily to a record of 19.3%.

Annual Investment

Total
Sites and Supermarkets



In five years more than one billion pounds has been invested in the business.

good prospects, and I expect them to contribute an increasing proportion of Group profit in the future.

Homebase, our DIY subsidiary (see page 8), increased profit by 54% to £3.2 million. In January, Homebase commissioned a new depot at Northampton, which will increase the proportion of goods handled through Homebase's own distribution system to over 50%. The system is unique in DIY retailing in this country and will bring considerable operational benefits.

SavaCentre increased its profits significantly and has now received planning consent for two new hypermarkets – at Merton (South London) and Sheffield (see page 9). The non-food section is being significantly enhanced by the inclusion of new Storehouse ranges.

Haverhill Meat Products returned record results reflecting improved productivity after the major changes of the last two years.

Breckland Farms had a very satisfactory year.

We are very pleased with our investment in our U.S. associate, Shaw's Supermarkets Inc., where we raised our interest from 21% to 28.5%. In 1986, Shaw's increased sales by 20% to \$1.1 billion and profit before tax by 14% to \$31.1 million.

Board of Directors

Mr. Len Payne retired as a Director in December 1986, having been Distribution Director for 12 years and responsible for the Company's systems' development for 7 years. I welcome the opportunity to record my appreciation of the considerable service he gave the Company over these years.

Staff

After such a successful year, it has given me particular pleasure that the Group's all-round management strength received independent recognition from two important business surveys.

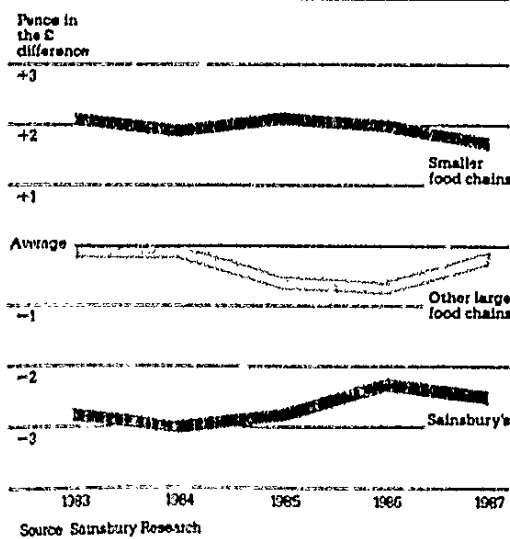
In April some 30 analysts from stockbroking firms and large investment institutions were asked by "Business" magazine to assess the 160 largest British public companies against five criteria: management dynamism, marketing skills, financial management, quality of products or services and personnel management. Sainsbury's was rated the top company over-all.

In October, the magazine "Marketing Week" placed Sainsbury's at the top of a poll by 650 leading marketing executives (see page 7). One of the qualities singled out was "the ability to attract, develop and keep talented people".

I trust that this ability, above all, is one at which Sainsbury's will continue to excel, to the advantage of customers, shareholders and indeed the staff themselves. One in four of our staff are shareholders through the profit sharing scheme. I am sure all other shareholders will join me in congratulating and thanking all who work for Sainsbury's, Homebase and the associate companies on the achievements of the year and for their hard work and commitment.

John Sainsbury *Chairman*

Good food costs less at Sainsbury's

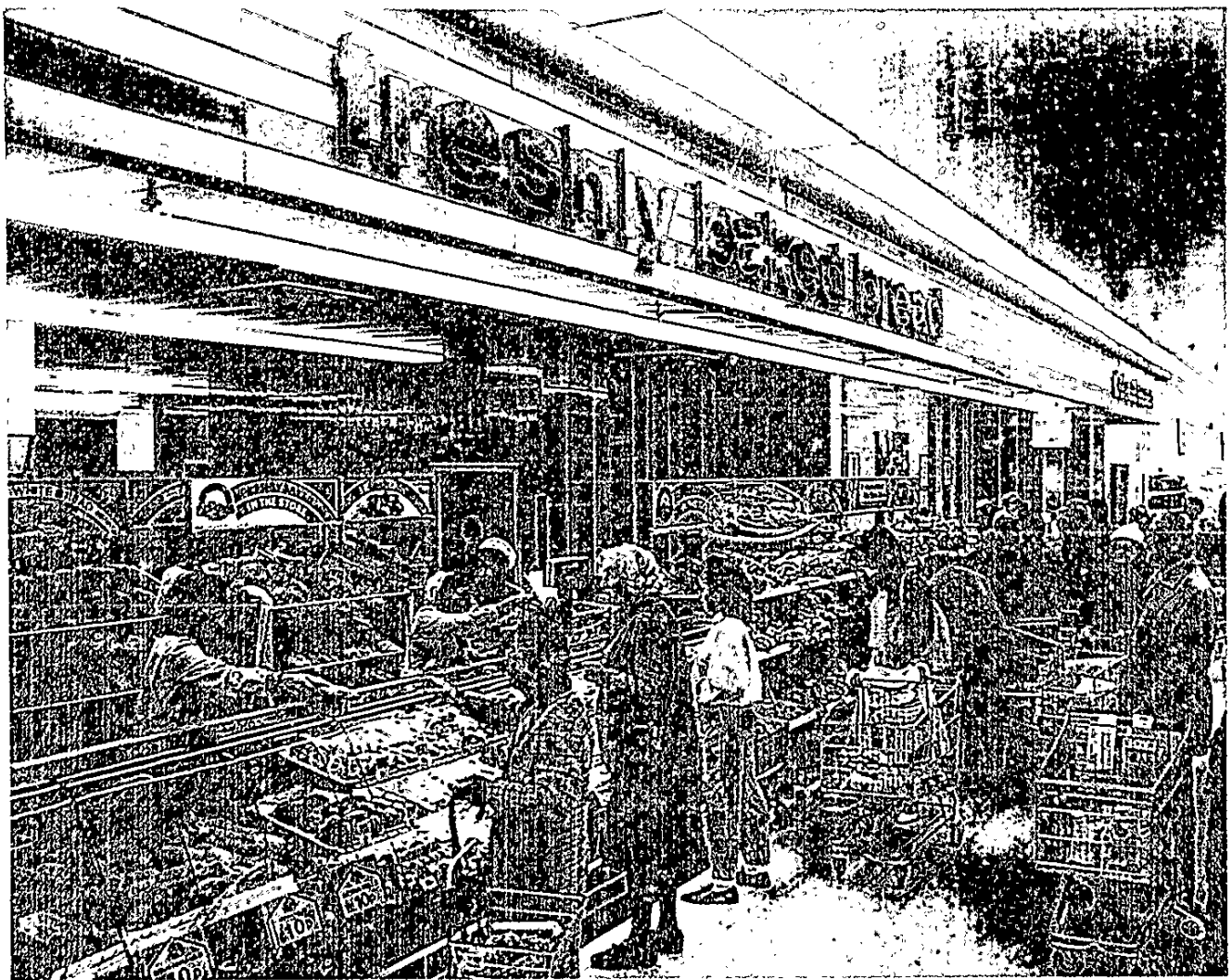


Price is a key factor in competition and is keenly monitored.

The leading independent price survey consistently shows Sainsbury's to be one of the food chains with the lowest prices for a representative "shopping basket" of regularly purchased products. The agency does not reveal the contents of the "shopping basket" nor allow the results to be published other than to subscribers.

For the past 15 years Sainsbury's has conducted its own monthly surveys, using a "shopping basket" of 150 products, which represent its own sales mix in traditional groceries and perishable foods (with the exception of fresh fruit and vegetables but including fresh meat and poultry). The actual contents are kept confidential to the research group responsible for the survey.

The chart shows the price differences, as pence in the £, between Sainsbury's and the average for other large and for smaller food chains. The results of the monthly surveys have been averaged to give the annual figures.



A new Sainsbury's supermarket store in north London. The store is a modern, single-story building with large glass windows. The interior is bright and spacious, with high ceilings and modern lighting. The shelves are well-stocked with a wide variety of products, and the aisles are wide and clear. The store is a popular destination for shoppers, and the new store in north London is no exception.

Marketing

Last autumn the magazine Marketing Week set out to find the best marketing company in the UK.

The answer was Sainsbury's.

This emerged from interviews with 650 leading marketers working in seven industry sectors who were asked to assess the marketing performance of the leading companies in their sector.

In coming top over-all Sainsbury's was also ranked best in the "Retail and Household Stores" sector and in first, second or third position in seven of the nine separate marketing attributes assessed

1st

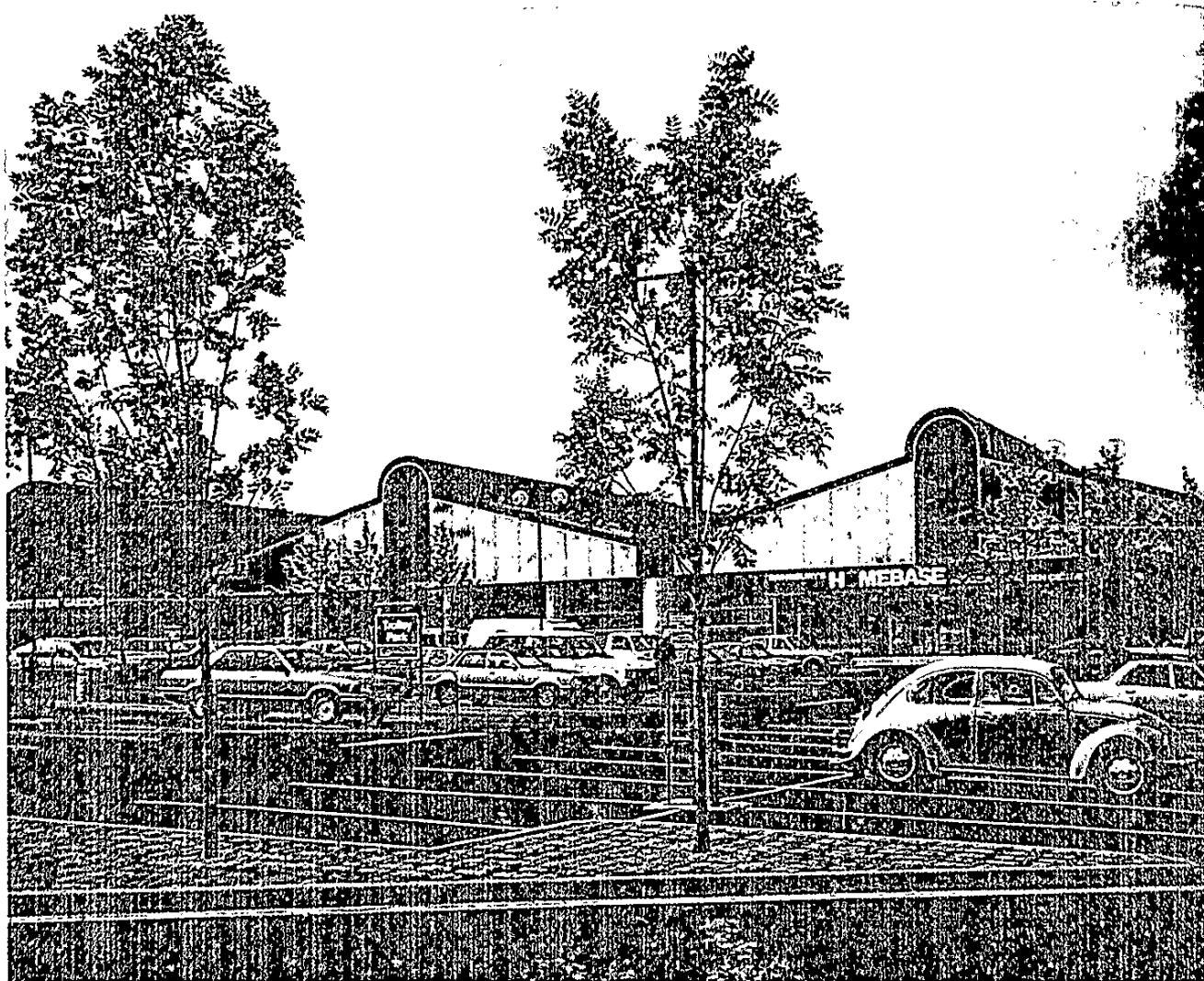
THE QUALITY OF PRODUCTS OR SERVICES
THE PROFITABLE PRICING OF PRODUCTS OR SERVICES
THE OVERALL FINANCIAL PERFORMANCE IN THEIR SECTOR
THE ABILITY TO ATTRACT, DEVELOP AND KEEP TALENTED PEOPLE

2nd

THE DESIGN OF PRODUCTS OR SERVICES

3rd

THE SUCCESSFUL DEVELOPMENT OF EXISTING PRODUCTS OR SERVICES
THE DEVELOPMENT OF SUCCESSFUL NEW PRODUCTS OR SERVICES



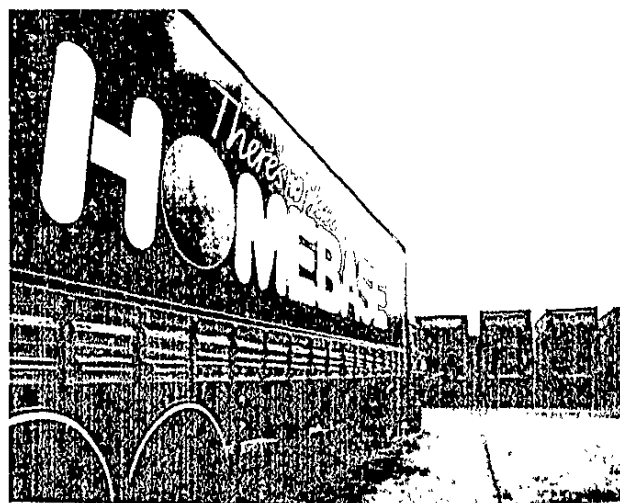
Subsidiaries and Associates

Homebase Limited

Homebase, Sainsbury's home improvement and garden centre subsidiary, had another successful year. Sales increased by 23% to £107 million. Helped by higher employee productivity and the use of sophisticated computer systems, operating profit rose by a most encouraging 54% to £3.2 million. At the year-end there were 32 stores trading. It is planned to open at least 25 Homebases by 1990 with seven opening in the current year.

The Sainsbury trading philosophy is reflected at Homebase in the quality and value of its product range and its dedication to customer service. Homebase is following the Sainsbury tradition of developing its own label products of which there is a growing number. The 'Base Price' campaign, which offers a selected range at long-term low prices, continues to provide the customer with exceptional value for money.

Sainsbury's partner in Homebase is the Belgian company and multi-PTY retailer in Europe GB-Inno-BM, S.A.



A typical Homebase comprises about 35,000 sq ft of covered sales area with an outside area of 17,500 sq ft for nursery plants and building materials. Parking is provided for a maximum of 200 cars. Overall the Homebase store occupies 3 to 3.5 acres and employs about 70 people. Shown above is the new store at Bath, adjacent to the Sainsbury's supermarket and the restored Green Park Station. Also shown are vehicles from the new distribution depot at Northampton in the increasingly familiar Homebase livery.

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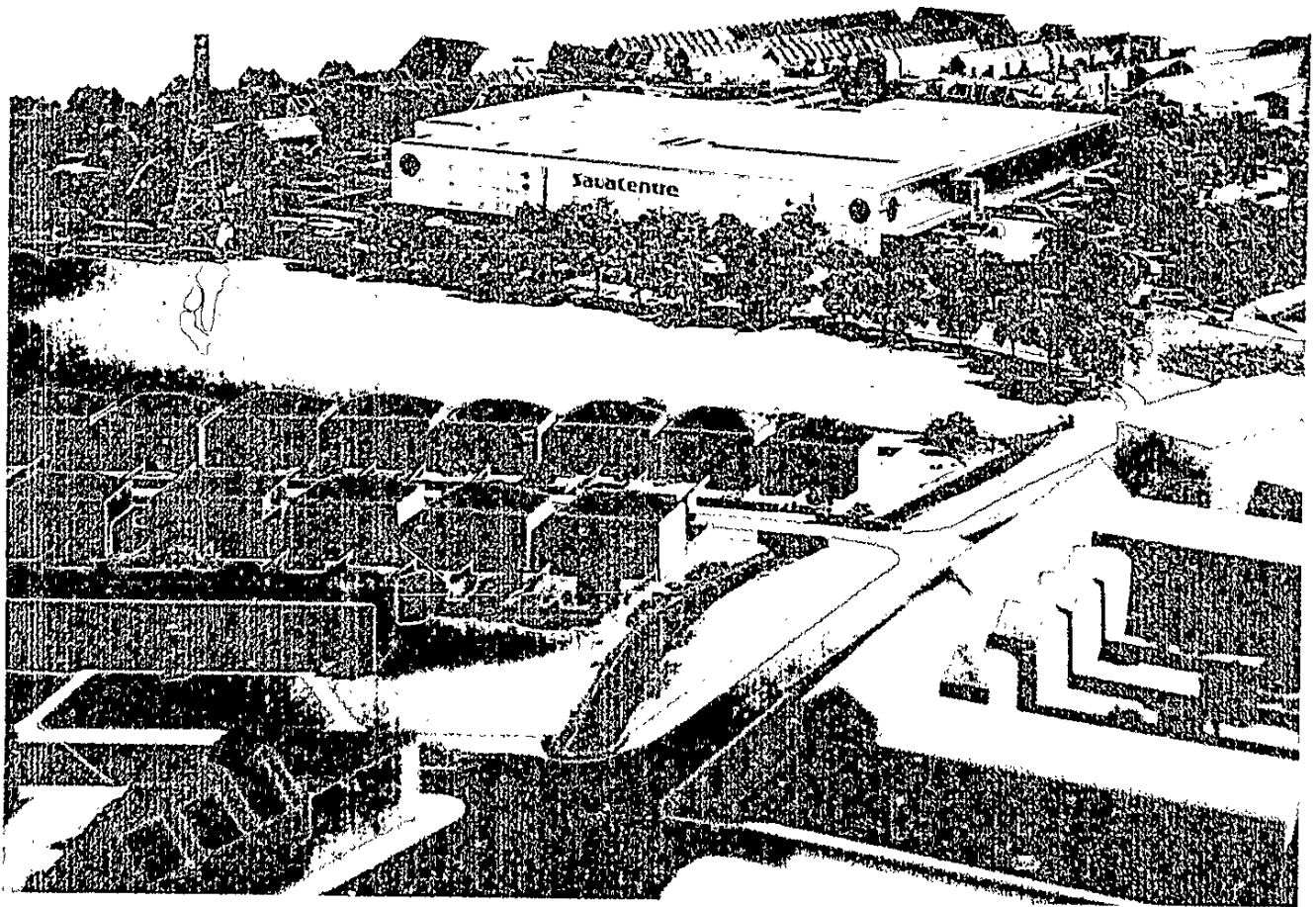
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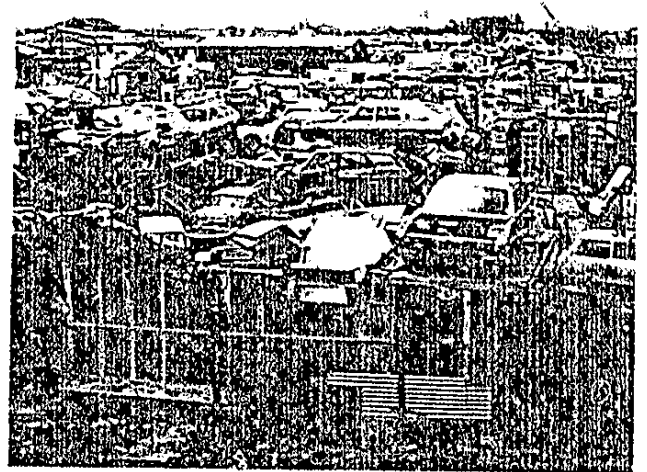
Subsidiaries and Associates

SavaCentre Limited

SavaCentre, the hypermarket operation owned equally by Sainsbury's and the Storehouse Group, had an excellent year. Sales were up 3.5% and profit increased by a record 34.

SavaCentre sells the full Sainsbury's food and drink range. Throughout the year, it was once again shown to be the retail chain offering the lowest food prices in the country. SavaCentre will continue to benefit from developments in the Storehouse Group. The extensive range of BHS textiles and other non-food items has greatly benefited from the 'Ex-fantastic' merchandising initiative and the experience of the success of Habitat and Mothercare ranges at the Oxford Road store is proving a success.

The company now welcomes a new phase of expansion. Two new hypermarkets are planned for Merthyr Tydfil, Wales and Sheffield in 1989, bringing the total to eight. Planning permission is being sought for two more sites at London Colney near St Albans and in the M35 and Chislehurst (South Manchester).



After a wait of nearly four years for planning consent, the SavaCentre development at Priory Park, Merthyr, will start in 1987. The hypermarket, made picture above, will have a total area of 150,000 sq ft, and 3,000 parking for more than 1,000 cars. It will also include a leisure complex of 10,000 sq ft of building housing a recreation centre and a 10,000 sq ft of retail space. It will also include a 10,000 sq ft of retail space. It will also include a 10,000 sq ft of retail space.



Shown here is the new 52,000 sq. ft. "Super Shaw's", at Stratham, New Hampshire.

Subsidiaries and Associates

Shaw's Supermarkets Inc.

Shaw's is a very successful supermarket company whose trading origins go back to the 1860s. With 47 stores in the New England states of New Hampshire, Maine and Massachusetts, it employs 10,000 people. Sales have doubled every five years for the past 15 years and in 1986 exceeded \$1 billion.

Five new stores were opened during the year, two replacements and three in new marketing areas, adding 136,000 sq. ft. to sales area. In 1987, the company expects to add a further 15% sales area net, through eight new stores.

In October 1986 Shaw's obtained a NASDAQ National Market Listing following a successful public offering of 10% of its equity. At the same time Sainsbury's increased its holding to 28.5%.

Haverhill Meat Products Limited

Haverhill Meat Products, with Palethorpes, its wholly-owned subsidiary, is owned equally by Sainsbury's and Canada Packers Inc. of Toronto. From its factories in East Anglia and Shropshire it produces "Tendersweet" bacon and a wide range of pork products, mainly for Sainsbury's.

In the last two years there have been considerable gains in productivity with the introduction of improved working practices. The company's recovery in 1986 has been followed in 1987 by a 6% increase in sales and an outstanding 79% increase in profit.

Subsidiary and Trading Associates - Summary of Results				
(100% - £ MILLION)				
	SALES		PROFIT	
	1987	1986	1987	1986
Subsidiary:				
Homebase	107.2	87.1	3.2	2.0
Associates:				
SavaCentre	288.7	278.9	16.9	12.6
Haverhill Meat Products	107.4	101.3	6.4	3.8
Breckland Farms	7.0	6.5	0.6	0.6
Shaw's*	746.5	709.6	21.4	21.0
	1,256.8	1,183.4	48.5	40.8

*Results translated at an average rate of £1 = \$1.4643 for 1987 and £1 = \$1.2815 for 1986.

Sainsbury's in the Community

Sainsbury's seeks to make a contribution to the community at both national and local levels in addition to its contribution as a retailer.

Local Involvement

At its simplest, and most direct, Sainsbury's responds to many charitable local appeals. Stores are also able to take an initiative through the Company's "Good Neighbour" scheme which each year concentrates on a specific theme. In previous years the scheme has supported youth clubs, the mentally handicapped and pre-school projects. Last year the scheme was directed towards the elderly.

Sainsbury's employees are very actively concerned with giving and charity fund-raising. In 1985/6 more than £100,000 was given to the NSPCC, and £50,000 to Action Research for the Crippled Child. In the financial year just ended, Sainsbury's staff raised more than £250,000 for the MacMillan Nurses for cancer patient care. A "Give as You Earn" scheme for staff has been introduced in association with the Charities' Aid Foundation.

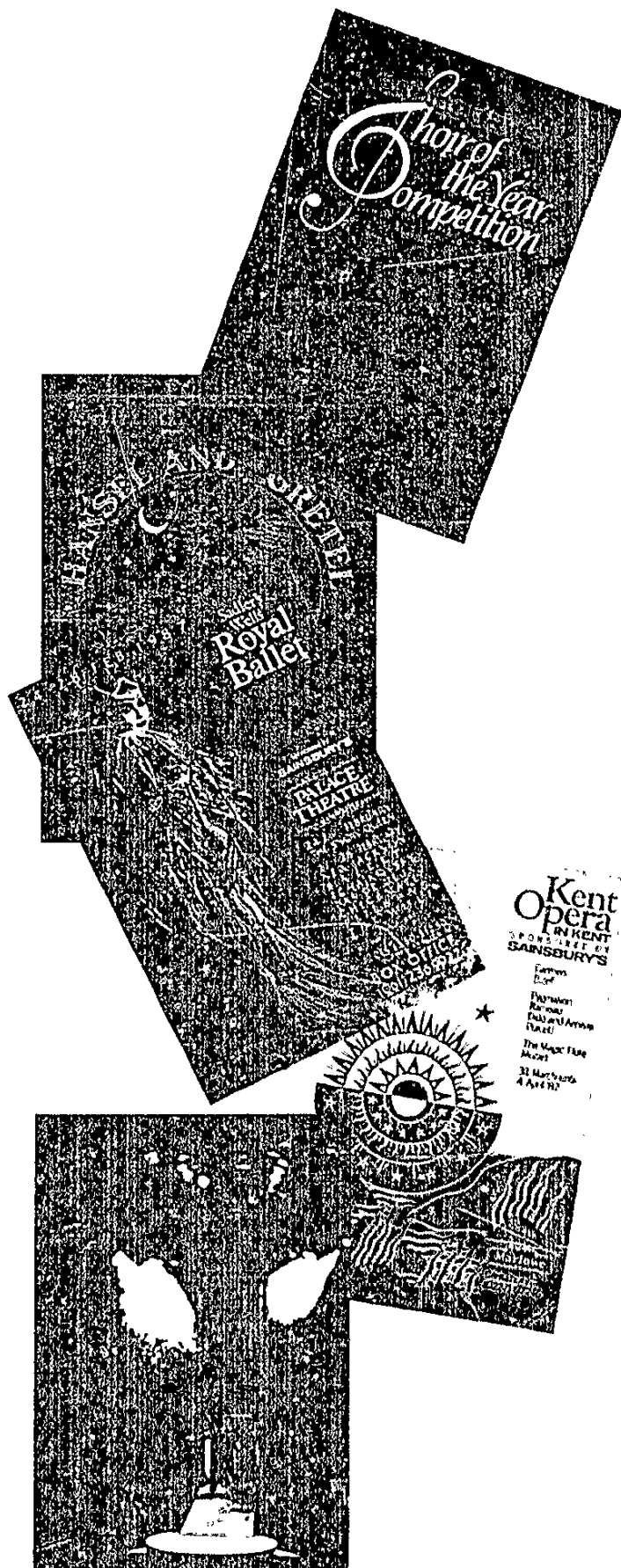
Sainsbury's supports a limited number of Local Enterprise Agencies. In conjunction with the London Borough of Haringey and The London Enterprise Agency, it is establishing a job creation scheme in Tottenham based upon the former Sainsbury's store.

Arts Sponsorship

Sainsbury's is a leading sponsor of the Arts with a well-established programme. This is based, firstly, on the sound commercial premise that well directed and imaginative sponsorship of the Arts can bring prestige and credit to the Company. Secondly, Arts sponsorship offers the Company an opportunity to make a contribution to the quality of life in the communities where it trades. For this second reason considerable effort is made to identify and support cultural activities which reach out beyond London.

The single largest sponsorship event of the year was Sainsbury's Choir of the Year Competition, televised by the BBC in eight weekly programmes. Over 300 choirs auditioned and 48 took part in the regional heats. The semi-finals and finals, held in the Buxton Opera House last November, provided a memorable weekend of song.

A new sponsorship of the National Youth Theatre of Great Britain will ensure that the best of Britain's young acting talent is available for the NYT's seven-week summer season in London. The National Theatre Studio, the experimental wing of the National Theatre of Great Britain, will also benefit directly from Sainsbury's sponsorship.



Supporting the Arts outside London: the Sainsbury's Choir of the Year Competition was based on regional heats; the Sadler's Wells Festival was held in Manchester, Birmingham and London; and during the summer the NYT will be holding auditions for young people from all over the country.



Employee Review

Employment

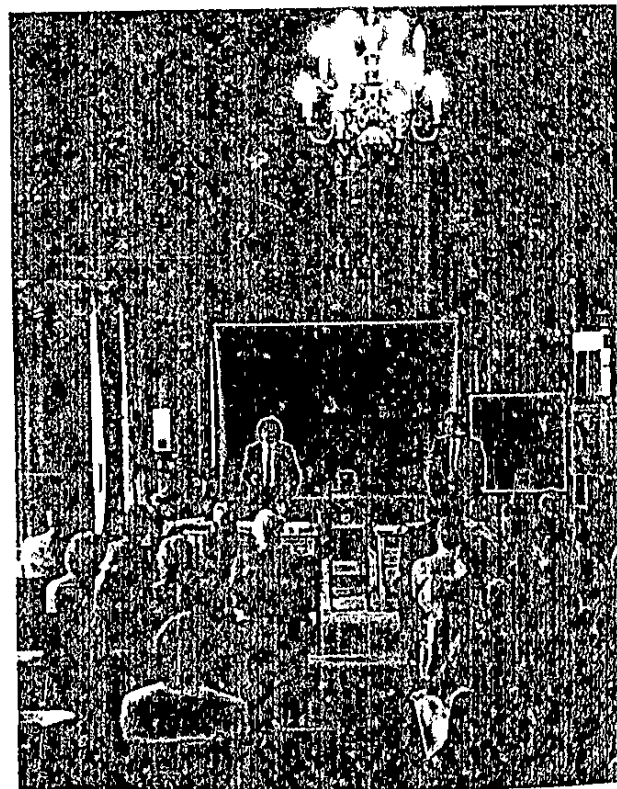
The number of people working for Sainsbury's grew by more than 3 000 during the year to bring the total number of employees at the year-end to over 69 000. In the last five years the Group's expansion has directly created more than 19,000 jobs as well as creating jobs indirectly for suppliers and contractors.

Part-time employees represent over 60% of all employees. The great flexibility this permits in staff scheduling to meet peak trading periods and longer opening hours is an important factor in productivity. At the same time part-time employment offers well paid opportunities for those unable to take full-time jobs because of family, education, or other commitments.

Remuneration and Benefits

In line with its formal Company Objectives (see page 33), Sainsbury's remuneration and benefits policy aims to offer staff excellent pay and conditions relative to other companies within the same market. During the year a staff discount scheme was introduced. Staff are issued with vouchers to a maximum value of £100 a year which give a 1% discount on purchases at Sainsbury and Homebase stores.

12 A revaluation of the pension fund provided a



About 15 000 staff were trained on the new laser scanning equipment during the year.

Two of the five specially equipped regional training centres were new, and the facilities at Fanham Hall, purchased in 1969, are being improved.

surplus of £75 million, all of which was used to improve benefits for members and pensioners.

The profit sharing scheme, in operation since 1980, is additional to pay. The amount set aside each year for profit sharing is determined by an objective formula that is highly geared to Company performance. Just over half the staff qualify for the scheme under the two-year service requirement. For the year just ended, £21.2 million will be shared by some 36,500 staff – who will each receive the equivalent of five and a half weeks' pay to be taken as cash or Company shares.

Share Ownership

Sainsbury's actively encourages employees to become shareholders through the profit sharing and share option schemes

In 1986, about half those able to do so took all or part of their profit entitlement in the form of the Company's shares, to be held in the profit sharing scheme share trust for a minimum period of two years. An employee on average Company earnings taking shares in each of the eight years of the scheme's existence will hold nearly 1,500 shares either directly or through the trust.

Sainsbury's has operated a savings-related share option scheme since 1974. The most recent offer in October 1986 attracted the largest ever response, with more than 5,500 employees entering into five-year savings contracts. During the year approximately 10,500 employees saved £4 million under the scheme, and at the year-end held options over 10.7 million shares.

This level of involvement and commitment has been a vital element in the Company's success.

Recruitment and Training

In order to maintain its development and its high operating standards, Sainsbury's must continue to recruit and train people of the highest calibre from a wide range of disciplines.

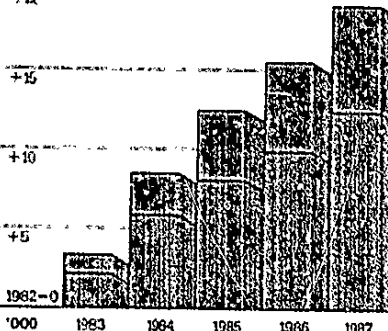
Each year more than 800 young people join one of the Company's management training schemes. About half join as "A level" trainees, about 170 as graduate trainees with the remainder coming mainly from internal promotion. Management training is a continuing process. Each member of retail management has on average seven days' training a year "off the job" – compared with the current average for all British companies of a single day.

All YTS students who successfully complete the first year of the two-year scheme with the Company are offered permanent positions. Currently there are 300 YTS students in training.

In an industry known for its high labour turnover, it is a source of pride that more than 8,000 staff – 12% of the workforce – have been with the Company for over 10 years.

Increase in Staff numbers

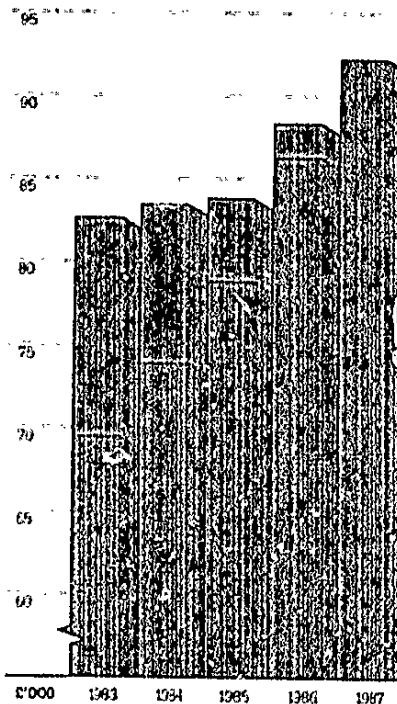
Part Time
Full Time
Cumulative Increase



As well as increasing productivity, the Company has created over 19,000 new jobs in five years.

Productivity

Actual
1987 values



Productivity (Sales per full-time equivalent employee) has increased by 12% in real terms over five years.

Openings 1986/87

Supermarkets	Sales Area sq. ft.
Exeter	26,870
Chiswick, London	29,460
Selly Oak, Birmingham	27,020
High Wycombe	26,450
Stevenage	37,040
Taunton	23,280
Heyford Hill, Oxford	34,280
Winchester	27,050
Warwick	27,070
Pinner	26,660
Uxbridge	32,460
Crayford	33,750
Leicester	28,690
Colchester	32,560
Finchley, London	24,610
	<u>437,250</u>

Homebase	*Sales Area sq. ft.
Bath	43,510
Crayford	44,670
Wakefield	33,070
New Southgate, London	40,830
	<u>162,080</u>

Projected Openings 1987/88

Supermarkets	Sales Area sq. ft.
Lee Green, London	29,100
Nuneaton	28,140
Bury St. Edmunds	29,310
Wandsworth, London	32,600
Swindon	31,160
Poole	30,280
Oldham	30,030
Milton Keynes	34,490
Hanley	31,930
Derby	34,050
Eltham, London	28,480
South Ruislip	31,000
Sheffield	29,220
Wolverhampton	26,160
Ladbroke Grove, London	33,150
Cheltenham	30,430
	<u>489,530</u>

Homebase	*Sales Area sq. ft.
Worcester	41,990
Leicester	40,780
Rayleigh Weir	43,480
Newcastle-under-Lyme	34,830
Derby	42,900
Rochester	37,730
Stockport	41,000
	<u>282,710</u>

*Includes both covered and open sales area

Results £ million

Sales
Increase on previous year
Retail Profit
Net Margin
Associates – share of profit – SavaCentre
– Others

Profit before tax and profit sharing
Increase on previous year
Profit sharing
Tax charged
Profit after tax and profit sharing
Extraordinary items

Earnings per share (35% tax)†
Increase/(decrease) in real terms
Dividend per share†

Retail Statistics

Number of outlets at financial year-end
Supermarkets – over 20,000 sq. ft. sales area
10,000-20,000 sq. ft. sales area
under 10,000 sq. ft. sales area
Total

Small stores
SavaCentre
Homebase

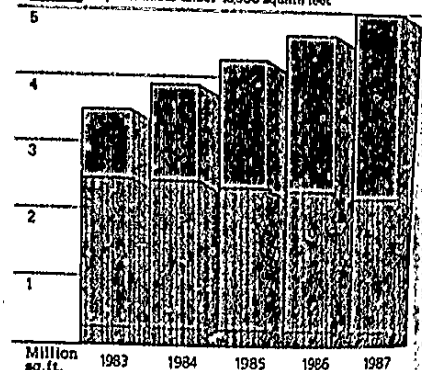
Sales area (000 sq. ft.)
Total Sainsbury
Net increase on previous year
SavaCentre
Homebase (approx 60% covered, 40% open sales area)

New supermarket openings
Average size of new supermarkets (sq. ft.)
Average size of all supermarkets (sq. ft.)

Average supermarket sales
Per supermarket (£ per week)
Per square foot (£ per week)
Share of national trade in food and drink shops (based on DTI data)

Analysis of Supermarket Sales Area

Supermarkets over 20,000 square feet
 Supermarkets between 10,000 and 20,000 square feet
 Supermarkets under 10,000 square feet

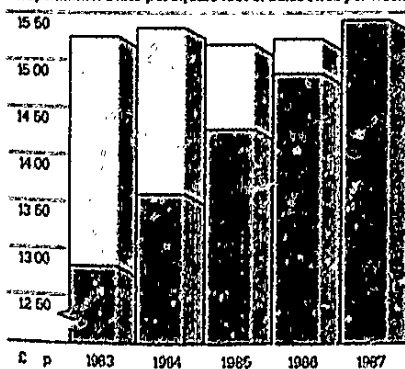


There are now 108 stores with sales areas of over 20,000 square feet accounting for 55% of our total sales area.

1978	1979	1980	1981	1982	1983*	1984	1985	1986	1987
811.1 22.2%	1,007.1 24.2%	1,226.6 21.8%	1,589.2 29.6%	1,950.5 22.7%	2,310.8 17.6%	2,698.5 16.1%	3,135.3 16.6%	3,575.2 14.0%	4,043.3 13.1%
27.1 3.35% (0.3) 0.8	31.8 3.16% (0.2) 1.0	45.4 3.70% — 0.6	64.4 4.05% 0.2 1.2	86.6 4.44% 1.5 1.0	101.9 4.40% 3.7 1.7	133.7 4.97% 4.4 1.6	158.8 5.06% 4.8 4.9	194.9 5.45% 6.3 7.3	250.2 6.19% 8.5 9.4
27.6 5.3% — 6.6 21.0 —	32.6 18.4% — 6.3 26.4 —	46.0 41.0% 2.2 8.7 35.1 4.4	65.8 42.9% 3.7 12.7 49.4 3.9	89.1 35.6% 5.7 15.4 68.0 2.9	107.3 20.0% 6.6 27.4 73.3 —	139.7 30.2% 9.7 41.0 89.0 —	168.5 20.5% 12.1 48.0 108.4 —	208.5 23.8% 15.8 65.4 127.3 —	268.1 28.6% 21.2 88.9 158.0 —
2.70p (7.5%) 0.76p	3.20p 9.4% 0.89p	4.28p 15.6% 1.28p	6.01p 20.7% 1.81p	8.04p 20.0% 2.44p	9.61p 10.8% 2.93p	12.26p 21.9% 3.75p	14.64p 13.8% 4.6p	17.92p 15.6% 5.5p	22.68p 22.6% 7.0p
<i>Adjusted for capitalisation issues in 1980, 1982 and 1984 *The 1983 results are for the 52 weeks to 26th March 1983, however for comparability purposes percentage changes relate to the 52 weeks to 26th February 1983</i>									
23 107 55	26 111 53	26 122 49	28 135 45	39 139 40	44 149 36	60 147 35	77 143 33	93 140 30	108 135 27
185 32 1	190 34 2	197 34 2	208 29 4	218 27 5	229 22 6	242 20 5	253 18 6	263 17 6	270 13 6
— — —	— — —	— — —	— — —	2 2 7	7 7 14	14 23 23	23 28 28	28 32 32	32 32 32
2,499 4.5% 73 —	2,616 4.7% 138 —	2,766 5.7% 138 —	2,978 7.7% 275 —	3,282 10.2% 356 90	3,564 8.6% 356 306	3,944 10.7% 356 624	4,325 9.6% 424 1,038	4,692 8.5% 433 1,261	5,034 7.3% 433 1,424
7 18,660 13,080	7 18,040 13,330	9 14,830 13,590	15 16,890 13,940	17 21,060 14,720	17 19,150 15,310	15 25,530 16,070	15 26,080 16,900	15 27,430 17,670	15 29,150 18,510
82,000 6.33 4.8%	99,400 7.50 5.4%	117,000 8.71 5.6%	145,900 10.57 6.3%	171,100 11.99 7.0%	192,200 12.83 7.6%	214,200 13.58 8.2%	234,300 14.27 8.7%	256,200 14.87 9.1%	278,300 15.43 9.7%

Supermarket Sales Intensity

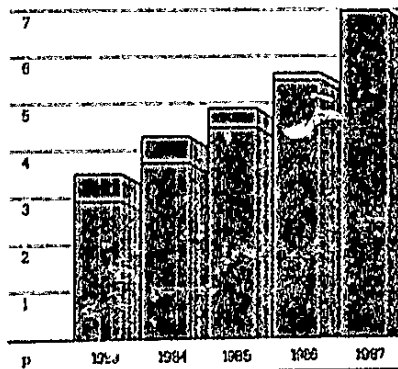
Actual
1987 values
Supermarket Sales per square foot of Sales Area per week



The Company has maintained sales intensity at about twice the industry average despite the very considerable increase in the size of stores.

Dividend per Share

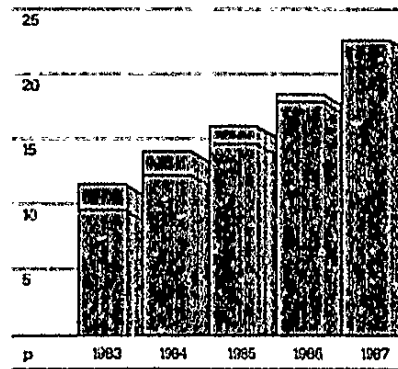
Actual
1987 values



Dividend per share has doubled in real terms in five years.

Earnings per Share (35% tax)

Actual
1987 values



Earnings per share have almost doubled in real terms in five years.

Report of the Directors
for the 52 weeks to 21st March 1987

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	<p>The profit of the Group before taxation and profit sharing amounted to £268.1 million. After deducting £21.2 million for the profit sharing scheme, £88.9 million for taxation and £49.9 million for dividends paid and proposed, a balance of £108.3 million has been transferred to reserves.</p> <p>The Directors are proposing the payment of a final dividend of 4.95p per share on 17th July 1987 to shareholders on the Register at the close of business on 19th June 1987; together with the interim dividend paid of 2.05p per share, this makes a total dividend for the year of 7p per share.</p>
Principal Activities	The principal activity of the Group is the retail distribution of food. Other activities through Subsidiaries and Associates include the operation of home improvement and garden centres, hypermarkets, pig production and the processing of bacon and pork products.
Share Capital	<p>During the year further shares were allotted and options granted under the Company's share option schemes for employees. Details are shown on pages 26 and 27. On 28th July 1986 and 1st August 1986 the Company allotted 1,736,417 and 97,336 shares respectively to the Trustees of the Profit Sharing Scheme Share Trust.</p> <p>On 4th September 1986, the Company made an allotment of 2,359,806 ordinary shares in connection with a further acquisition of shares in its U.S. associate.</p>
Capitalisation Issue	The Directors are recommending a capitalisation issue on the basis of one new share for every existing share held on 19th June 1987. The new shares will not rank for the final dividend to be declared at the Annual General Meeting but will rank for any dividend declared subsequently. The capitalisation issue will not affect the total amount of dividends payable by the Company in the future.
Finance	<p>On 17th October 1986, the Company issued the remaining tranche of £40 million 10½ per cent. Notes 1993.</p> <p>On 5th November 1986, J Sainsbury (Finance) B.V., a wholly-owned subsidiary of the Company incorporated in the Netherlands, made an issue of Yen 5,000 million 5½ per cent. Guaranteed Notes due 1991.</p> <p>On 5th December 1986, the Company arranged an uncommitted facility to borrow amounts up to a total value of £100 million outstanding at any one time through the issue of sterling commercial paper.</p>
Market Value of Properties	An internal valuation of the Group's freehold and long leasehold properties was carried out by the Group's own qualified staff as at 23rd March 1985. Based on this valuation the Directors are of the opinion that the properties included in the accounts at their book value of £908 million have a substantially greater market value.
Fixed Assets	The movements of fixed assets are shown in Note 1 on page 22.
Research and Development	The Scientific Services Division employs 136 people who work in close association with suppliers to develop new products and maintain quality and hygiene standards.
Employment Policies	<p>Group employment policies respect the individual and offer career opportunities regardless of sex, race or religion. Full and fair consideration is given to the employment and opportunities for training and development of disabled persons according to their skills and capacity. The services of any existing employee who becomes disabled are retained wherever possible.</p> <p>Sainsbury's has a very extensive and well-established structure for communicating with employees, especially in relation to the financial results at the year-end. Joint Consultative Committees, attended by senior personnel, and a Pensions Consultative Committee discuss matters of concern to employees and allow their views to be taken into account in making decisions which are likely to affect their interests. A monthly journal is produced for the benefit of employees.</p>
Donations	Donations to charitable organisations amounted to £0.6 million (1986 £0.4 million), which included contributions to enterprise agencies, job creation and educational schemes, and the Arts. There were no political donations.

Directors

The Directors are shown on page 2. All the Directors shown held office throughout the year. Mr. L. S. Payne held office during the year until his retirement on 20th December 1986. In accordance with the Articles of Association, a Resolution will be submitted to the Annual General Meeting for the re-appointment of The Rt. Hon. James Prior, who retires by rotation and offers himself for re-election. Directors holding executive office are not subject to this requirement. Mr. Prior does not hold a service contract. 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 21st March 1987 were:

	Ordinary Shares		Options	
	Beneficial			
	1987	1986	1987	1986
Sir John Sainsbury	23,745,338	51,331,746	—	34,032
Sir Roy Griffiths	49,007	114,637	107,893	67,216
D. J. Sainsbury	168,608,608	170,223,608	105,220	105,220
G. C. Hoyer Millar	223,158	254,973	55,164	51,442
J. H. G. Barnes	102,174	96,139	69,886	53,333
R. T. Vyner	15,729	6,362	90,696	102,902
C. Roberts	61,163	59,868	115,165	93,780
R. A. Ingham	51,905	57,456	70,070	76,250
R. A. Clark	71,032	74,025	56,562	42,905
D. E. Henson	54,652	26,201	95,161	121,142
D. A. Quarmby	975	975	57,276	15,822
K. C. Worrall	49,540	48,504	89,848	66,410
Sir James Spooner	2,400	2,400	—	—
The Rt. Hon. James Prior	1,000	1,000	—	—
Mrs. D. C. Eccles	1,000	—	—	—

Notes:

Beneficial holdings include the Director's personal holdings and those of his spouse and minor children as well as holdings in family trusts, of which the Director's spouse or his minor children are beneficiaries or potential beneficiaries.

Non-beneficial holdings of Directors were as follows: Sir John Sainsbury 1,050,000 (1986 17,302,520); D. J. Sainsbury 251,528 (1986 272,522); Sir Roy Griffiths 64,587 (1986 Nil). Non-beneficial holdings include holdings in charitable trusts of which the Directors are trustees.

Directors' interests in Loan Stock were: Sir John Sainsbury, beneficial 50 (1986 50), non-beneficial 455,000 (1986 455,000); D. J. Sainsbury, non-beneficial 2,095 (1986 2,095).

Between 21st March 1987 and 4th May 1987 there were no changes in the Directors' interests.

Substantial Interests

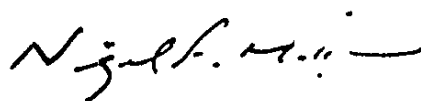
The substantial interests notified to the Company are as follows: H.O.N. & V. Trustee Limited and Vanheimer Trustee Limited, both of which are trust companies owned by the partners of Herbert Oppenheimer, Nathan & Vandyk, the Company's solicitors, and W. M. Pybus and Miss J. Portrait, partners of Herbert Oppenheimer, Nathan & Vandyk, and C. T. S. Stone are trustees of various settlements, including charitable settlements. At 4th May 1987 the total holdings of the trusts of which the above are trustees amounted to 11%, 10%, 10%, 11% and 5% respectively. As trustees and beneficially, S. D. Sainsbury and T. A. D. Sainsbury hold 12% and 8% respectively. All these holdings include duplications.

Auditors

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

By Order of the Board
N. F. Matthews
Secretary

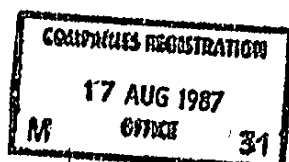
19th May 1987



Balance Sheets
21st March 1987

	Note	Group		Company	
		1987 £m	1986 £m	1987 £m	1986 £m
Fixed Assets					
Tangible Assets	1	1,264.8	1,069.3	1,177.9	993.3
Investments	2	65.8	55.6	98.1	91.1
		<u>1,330.6</u>	<u>1,124.9</u>	<u>1,276.0</u>	<u>1,084.4</u>
Current Assets					
Stocks		178.6	174.4	160.1	159.0
Debtors	5	39.8	37.4	25.0	35.4
ACT Recoverable	6	11.8	5.8	11.8	5.8
Cash at Bank and in Hand		55.1	48.6	52.9	46.8
		<u>285.3</u>	<u>266.2</u>	<u>249.8</u>	<u>247.0</u>
Creditors: due within one year	7	<u>(683.7)</u>	<u>(643.5)</u>	<u>(627.9)</u>	<u>(615.9)</u>
Net Current Liabilities		<u>(398.4)</u>	<u>(377.3)</u>	<u>(378.1)</u>	<u>(368.9)</u>
Total Assets Less Current Liabilities		932.2	747.6	897.9	715.5
Creditors: due after one year	8	(135.6)	(73.1)	(127.4)	(64.9)
Deferred Income	9	(8.1)	(13.6)	(7.7)	(13.6)
Minority Interest		(7.2)	(7.4)	—	—
		<u>781.3</u>	<u>653.5</u>	<u>762.8</u>	<u>637.0</u>
Capital and Reserves					
Called up Share Capital	10	178.2	175.3	178.2	175.3
Share Premium Account	11	34.1	12.0	34.1	12.0
Revaluation Reserve	12	28.5	31.9	28.5	31.9
Profit and Loss Account	13	540.5	434.3	522.0	417.8
		<u>781.3</u>	<u>653.5</u>	<u>762.8</u>	<u>637.0</u>

Notes on the accounts are on pages 22 to 30



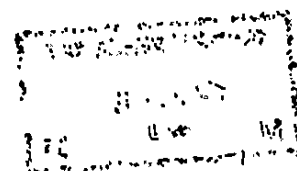
The Financial Statements on pages 18 to 30 were approved by the Board of Directors on 19th May 1987, and are signed on its behalf by

18 John Sainsbury Chairman
Roy Griffiths Deputy Chairman

John Sainsbury
Roy Griffiths

Group Profit and Loss Account
for the 52 weeks to 21st March 1987

	Note	1987 £m	1986 £m
Group Sales (including VAT)		4,043.5	3,575.2
VAT		186.4	161.1
Group Sales (excluding VAT)		3,857.1	3,414.1
Cost of Sales		3,542.9	3,152.2
Gross Profit		314.2	261.9
Administrative Expenses		81.7	72.3
Other Operating Income (Net)	14	9.1	5.9
Net Interest Receivable/(Payable)	15	8.6	(0.6)
Retail Profit – net margin on VAT inclusive sales 6.19 %(5.45%)	16	250.2	194.9
Associates – share of profit	4	17.9	13.6
Profit before Tax and Profit Sharing	17	268.1	208.5
Profit Sharing	17	21.2	15.8
Profit on Ordinary Activities before Tax		246.9	192.7
Tax on Profit on Ordinary Activities	20	88.9	65.4
Profit on Ordinary Activities after Tax		158.0	127.3
Minority Interest		0.2	0.1
Profit for Financial Year		158.2	127.4
Dividends	21	49.9	38.7
Profit Retained	13	108.3	88.7
Earnings per Share – actual		22.33p	18.23p
– fully taxed basis at 35%		22.68p	17.92p



Group Statement of Source and Application of Funds
for the 52 weeks to 21st March 1987

	1987 £m	1986 £m
Source of Funds		
Profit on ordinary activities before tax	246.9	192.7
Adjustments for items not involving movement of funds		
Depreciation	49.8	40.3
Share of profits before tax of Associates	(17.9)	(13.6)
Deferred income	(5.5)	(4.2)
Total Generated from Operations	<u>273.3</u>	<u>215.2</u>
Funds from Other Sources		
Share capital	25.9	8.3
Minority interest capital contribution	—	1.0
Disposal of tangible fixed assets	45.3	14.0
Issue of 5½% Guaranteed Notes 1991	20.0	—
Term Bank Loan 1991	2.5	—
Issue of 10½% Notes 1993	39.1	59.2
	<u>406.1</u>	<u>297.7</u>
Application of Funds		
Capital expenditure	290.6	247.4
Dividends paid	41.7	33.2
Tax paid	57.6	46.3
Net advances to/(from) Associates	4.7	(2.1)
Redemption of debentures	—	0.2
	<u>394.6</u>	<u>325.0</u>
Reduction in Working Capital		
Increase in net creditors	87.7	27.9
(Increase)/Decrease in stocks	(4.2)	2.9
	<u>83.5</u>	<u>30.8</u>
Increase in Net Liquid Funds (including Short Term Notes)	<u>95.0</u>	<u>3.5</u>

Accounting Policies

Basis of Accounts	The Group accounts, which have been prepared under the historical cost convention as modified by the revaluation of certain properties, consolidate the accounts of the Company and all its Subsidiaries made up to the Company's financial year-end. No Profit and Loss Account is presented for the Company as provided by Section 228(7) of the Companies Act 1985.
Sales	Sales consist solely of sales through retail outlets, and exclude rental and other income.
Cost of Sales	Cost of sales consists of all costs to the point of sale including warehouse and transportation costs and all the costs of operating retail outlets.
Deferred Tax	Provision is made on the liability method for deferred tax which could become payable within the foreseeable future having regard to the Group's projected levels of trading and capital expenditure. No provision is made for any potential liability to corporation tax on capital gains in respect of either net gains arising on disposals of assets subsequent to 6th April 1965 or future gains that might arise if the properties were disposed of at the values included in the accounts, since any liability has been or will be deferred under the provisions of Section 115 of the Capital Gains Tax Act 1979.
Depreciation	Freehold and long leasehold properties are depreciated if, in the opinion of the Directors, a diminution in value from book value to estimated residual value, either in historic or replacement cost terms, will occur over the useful life of the asset to the Group. Depreciation is calculated to write off the diminution in value over the remaining useful life by equal annual instalments. Certain landlords' fittings, which have been capitalised as part of leasehold properties, are depreciated in equal annual instalments over the estimated useful life of the asset to the Group. Leasehold properties with less than 50 years unexpired are depreciated to write off their book value in equal annual instalments over the unexpired period of the lease. Fixtures, equipment and vehicles are depreciated to write off their cost over their estimated useful lives in equal annual instalments at varying rates not exceeding 15 years and commencing in the accounting year following capitalisation.
Capitalisation of Interest	Interest incurred on borrowings to finance specific property developments is capitalised net of tax relief.
Research	Research and Development expenditure is written off as incurred against the profits of the year.
Interest Receivable	Interest receivable is credited to the Profit and Loss Account when it is earned.
Sale and Leaseback of Properties	Surpluses on sale and leaseback of properties are treated as deferred income and amortised in equal annual instalments over the term of five years. Deficits are recognised in the year of disposal.
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.
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.
Associates	Associates are those shown on page 23. An Associate is a company in which the Group participates in commercial and financial policy and has an interest of between 20 per cent. and 50 per cent. inclusive. Such companies are also related companies as defined in the Companies Act 1985.
Earnings per Share	The calculation of earnings per share is based on profit after tax and minority interest but before extraordinary items, and on the weighted average of ordinary shares in issue after adjustment for capitalisation issues.

Notes on the Accounts

at 21st March 1987

1 Tangible Fixed Assets

	Group			Company		
	Properties	Fixtures, Equipment & Vehicles	Total	Properties	Fixtures, Equipment & Vehicles	Total
	£m	£m	£m	£m	£m	£m
Cost or Valuation						
At 22nd March 1986	773.2	445.7	1,218.9	716.7	422.0	1,138.7
Additions	195.9	94.7	290.6	176.3	88.1	264.4
Disposals	43.8	12.5	56.3	31.9	12.3	44.2
	<u>925.3</u>	<u>527.9</u>	<u>1,453.2</u>	<u>861.1</u>	<u>497.8</u>	<u>1,358.9</u>
At 21st March 1987						
Depreciation						
At 22nd March 1986	13.5	136.1	149.6	13.2	132.2	145.4
Provided in the year	5.4	44.4	49.8	5.1	41.4	46.5
Disposals	1.2	9.8	11.0	1.1	9.8	10.9
	<u>17.7</u>	<u>170.7</u>	<u>188.4</u>	<u>17.2</u>	<u>163.8</u>	<u>181.0</u>
At 21st March 1987						
Net Book Value						
At 21st March 1987	907.6	357.2	1,264.8	843.9	334.0	1,177.9
At 22nd March 1986	<u>759.7</u>	<u>309.6</u>	<u>1,069.3</u>	<u>703.5</u>	<u>289.8</u>	<u>993.3</u>
Capital Work-in-Progress included above						
At 21st March 1987	54.6	15.9	70.5	47.8	15.9	63.7
At 22nd March 1986	<u>45.9</u>	<u>23.0</u>	<u>68.9</u>	<u>43.1</u>	<u>23.0</u>	<u>66.1</u>

Certain freehold and leasehold properties were revalued at open market value on 10th March 1973 by Messrs. Healey & Baker and/or Messrs. G. L. Hearn and Partners.

The amount included in additions in respect of interest capitalised during the year ended 21st March 1987 amounted to £13.2 million after deducting tax relief of £7.2 million. The period over which interest has been capitalised has been extended up to the date of store opening. If the new basis had been used during the previous year then the interest capitalised would have been £11.7 million rather than the £9.1 million actually capitalised.

	Group			Company		
	At Cost	At 1973 Valuation	Total	At Cost	At 1973 Valuation	Total
	£m	£m	£m	£m	£m	£m
Analysis of Properties						
At 21st March 1987						
Freehold	557.9	27.9	585.8	511.5	27.9	539.4
Long Leasehold	300.8	11.9	312.7	290.1	11.9	302.0
Short Leasehold	25.2	1.6	26.8	18.1	1.6	19.7
	<u>883.9</u>	<u>41.4</u>	<u>925.3</u>	<u>819.7</u>	<u>41.4</u>	<u>861.1</u>

If the above properties included at 1973 Valuation of £41.4 million had been included at original cost, the cost and depreciation figures at 21st March 1987 would have been Freehold £7.6 million, Long Leasehold £4.8 million and Short Leasehold £0.5 million with cumulative depreciation of £0.3 million, £0.8 million and £0.4 million respectively (compared to £1.1 million, £2.7 million and £1.6 million depreciation on revalued cost).

2 Investments

	Group		Company	
	1987	1986	1987	1986
	£m	£m	£m	£m
Subsidiaries (Note 3)	65.8	55.6	22.9	25.7
Associates (Note 4)	<u>65.8</u>	<u>55.6</u>	<u>98.1</u>	<u>91.1</u>

3 Investment in Subsidiaries

In the opinion of the Directors, the Company's principal subsidiaries are:

	Share of Ordinary Allotted Capital
Homebase Limited	75%
J Sainsbury (Farms) Limited	100%
J. Sainsbury (Properties) Limited	100%
The Cheyne Investments Limited	100%
The Cheyne Investments Inc.	100%
The Sainsbury Charitable Fund Limited	Limited by guarantee
J Sainsbury (Finance) B.V.	100%

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

All Subsidiaries operate and are incorporated in the United Kingdom, with the exception of The Cheyne Investments Inc. which operates and is incorporated in the USA and J Sainsbury (Finance) B.V. which operates and is incorporated in the Netherlands.

All shares are held by J Sainsbury plc, with the exception of The Cheyne Investments Inc., which is held by The Cheyne Investments Limited.

	Company £m
Investments	
Shares at cost 21st March 1987 / and 22nd March 1986	25.2
Long Term Capital Advances	
Balance 22nd March 1986	40.2
Increase	9.8
Balance 21st March 1987	50.0
Total Investment 21st March 1987	75.2
22nd March 1986	65.4

Directors of Subsidiaries

Homebase Limited:— G. C. Hoyer Millar (Chairman), R. T. Vyner, D. E. Henson, D. A. Quarmby together with three Directors from GB-Inno-BM, S.A., and three Directors from Homebase: D. A. Males (General Manager), A. F. Rees and S. W. Bradbury

J Sainsbury (Farms) Limited:— Dr. J. R. Hill (Chairman), M. S. Hughes, N. F. Matthews

J. Sainsbury (Properties) Limited:— Sir John Sainsbury (Chairman), D. J. Sainsbury (Deputy Chairman), G. C. Hoyer Millar (Managing Director), R. A. Anderson, P. Boam, N. A. Franks, R. Linfield, S. W. Marsh, G. G. Wake

The Cheyne Investments Limited:— D. J. Sainsbury (Chairman), N. F. Matthews

The Cheyne Investments Inc.:— D. J. Sainsbury (President)

The Sainsbury Charitable Fund Limited:— Sir John Sainsbury (Chairman), R. A. Clark, C. J. Leaver, N. F. Matthews, P. R. Smith

4 Investment in Associates

	Share of Allotted Capital	Share of Profit Before Tax	
		1987 £m	1986 £m
SavaCentre Limited	50%	8.5	6.3
16,180,050 "B" Ordinary Shares of £1 each			
Haverhill Meat Products Limited	50%	3.2	1.9
500,000 "B" Ordinary Shares of £1 each			
Breckland Farms Limited	50%	0.3	0.3
200,000 "B" Ordinary Shares of £1 each			
141,532 1% Redeemable Preference Shares of £1 each			
Kings Reach Investments Limited	28.76%	0.8	0.7
28,760 Ordinary Shares of 1p each			
Shaw's Supermarkets Inc.	28.46%	5.1	4.4
3,452,688 Common Capital Stock of \$1 each			
		17.9	13.6

4 Investment in Associates – continued

	Group £m	Company £m
Investments		
Balance 22nd March 1986	24.8	17.3
Addition (after deducting £5.7 million goodwill – note 13)	4.5	–
Currency movements	(0.9)	–
Balance 21st March 1987	28.4	17.3
Share of Post Acquisition Reserves		
Balance 22nd March 1986	22.4	–
Share of retained profits for the year	9.8	–
Currency movements	(0.4)	–
Balance 21st March 1987	31.8	–
Long Term Capital Advances		
Balance 22nd March 1986	8.4	8.4
Decrease	2.8	2.8
Balance 21st March 1987	5.6	5.6
Total Investment 21st March 1987	65.8	22.9
22nd March 1986	55.6	25.7

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 they are management accounts. The share of the results of Shaw's Supermarkets Inc. has been translated at the average rate of exchange for the relevant period.

The reserves shown above are after deducting dividends received by J Sainsbury plc of £1.1 million (1986 £0.5 million) and by The Cheyne Investments Inc. of £0.2 million (1986 £0.1 million).

All Associates operate and are incorporated in the United Kingdom with the exception of Shaw's Supermarkets Inc. which operates and is incorporated in the USA.

Of the Long Term Capital Advances, £2.4 million is interest bearing.

Directors of Associates

SavaCentre Limited: – D. J. Sainsbury (Chairman), J. H. G. Barnes and R. McLaren, together with five Directors from British Home Stores PLC, and four Directors from SavaCentre: W. R. Yeates (General Manager), H. M. A. Elvidge, C. R. Turner and M. I. Samuel

Haverhill Meat Products Limited: – Sir Roy Griffiths (Chairman), D. E. Henson, N. F. Matthews and C. Roberts, together with four Directors from Canada Packers Inc. of Toronto, and three Directors from HMP: N. Roberts (Deputy Chairman), P. Collins (General Manager) and D. M. Hickman

Breckland Farms Limited: – Dr. J. R. Hill, M. S. Hughes, F. E. Netscher, together with three Directors from Pauls p.l.c., and G. Brown (General Manager)

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

Shaw's Supermarkets Inc: – D. J. Sainsbury

5 Debtors

	Group		Company	
	1987 £m	1986 £m	1987 £m	1986 £m
Trade	1.3	1.3	1.2	1.2
Amounts owed by Associates	5.1	5.0	5.1	5.0
Other Debtors	25.0	29.8	11.2	28.3
Prepayments	8.4	1.3	7.5	0.9
	39.8	37.4	25.0	35.4

6 ACT Recoverable and Deferred Tax

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

	Group		1986	
	1987	1986	1987	1986
	Total £m	Provision £m	Total £m	Provision £m
Timing differences between depreciation and capital allowances (Company £88.9 million)	94.0	—	97.6	—
Other timing differences including payments for consortium group relief under indemnities	1.3	1.3	6.2	5.3
Potential capital gains on disposal of properties at net book value including net gains already deferred after taking account of indexation	—	—	2.5	—
	<u>95.3</u>	<u>1.3</u>	<u>106.3</u>	<u>5.3</u>
Less: Advance Corporation Tax Recoverable		13.1		11.1
		<u>11.8</u>		<u>5.8</u>

7 Creditors: due within one year

	Group		Company	
	1987	1986	1987	1986
	£m	£m	£m	£m
Bank Overdrafts	23.5	115.2	(12.5)	99.2
Unpresented Cheques	58.5	62.3	56.8	61.6
Short Term Notes	7.0	—	7.0	—
Trade Creditors	305.1	278.9	293.7	270.7
Amounts owed to Subsidiaries	—	—	5.7	5.7
Corporation Tax	83.3	52.8	83.3	52.8
Social Security Costs and Other Taxes	8.4	7.5	7.9	7.1
Other Creditors	147.5	88.7	141.8	84.3
Accruals	15.1	11.0	8.9	7.4
Proposed Dividend (Note 21)	35.3	27.1	35.3	27.1
	<u>683.7</u>	<u>643.5</u>	<u>627.9</u>	<u>615.9</u>

8 Creditors: due after one year

	Group		Company	
	1987	1986	1987	1986
	£m	£m	£m	£m
7¼% First Mortgage Debenture Stock 1987/92	0.5	0.5	0.5	0.5
6½% First Mortgage Debenture Stock 1988/93	1.5	1.5	1.5	1.5
5½% Guaranteed Notes 1991	20.0	—	—	—
Term Bank Loan 1991	2.5	—	—	—
10½% Notes 1993	100.0	60.0	100.0	60.0
8% Irredeemable Unsecured Loan Stock	2.9	2.9	2.9	2.9
Amount due to Subsidiary Company	—	—	22.5	—
Loans to Homebase Limited from minority shareholder	8.2	8.2	—	—
	<u>135.6</u>	<u>73.1</u>	<u>127.4</u>	<u>64.9</u>
Repayable between 2-5 years	31.2	8.2	23.0	—
Repayable over 5 years	104.4	64.9	104.4	64.9
	<u>135.6</u>	<u>73.1</u>	<u>127.4</u>	<u>64.9</u>

Each mortgage debenture issue provides for repayment on the following terms:

- By redemption at par within five years of the terminal date.
 - By yearly drawing out of a sinking fund to be established for the purpose.
- The sinking fund obligations in any year may be satisfied by tendering, at the lower of par or inclusive cost, stock previously purchased by the Company; the obligations in respect of both stocks arising in the year ended 21st March 1987 have been met in this way.

8 Creditors: due after one year – continued

The nominal value of debenture stock redeemed between 22nd March 1987 and 19th May 1987 amounted to £112,178.

The mortgage debenture stocks are secured on certain of the Group's freehold and leasehold properties.

During the year the Company's wholly owned subsidiary, J Sainsbury (Finance) B.V., issued Yen 5,000 million Guaranteed Notes 1991 and made arrangements for this borrowing to be converted into \$32 million through the assumption of an equivalent liability to a third party; it also borrowed \$4 million from its bankers. This total borrowing of \$36 million bears interest at 7.703%. The proceeds from these borrowings were lent to J Sainsbury plc to enable it to refinance its short term borrowings. All these borrowings and liabilities mature in November 1991.

During the year the Company issued a further £40 million 10½% Notes 1993 repayable in January 1993 in order to refinance short term borrowings. After taking account of discount and the net expenses of the issue, the consideration received by the Company amounted to £39.1 million.

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

9 Deferred Income

	Group		Company	
	1987 £m	1986 £m	1987 £m	1986 £m
Balance 22nd March 1986	13.6	17.8	13.6	17.8
Surpluses arising in the year	1.0	2.5	0.5	2.5
Released to Profit and Loss Account (Note 14)	(6.5)	(6.7)	(6.4)	(6.7)
Balance 21st March 1987	8.1	13.6	7.7	13.6

10 Called Up Share Capital

	Allotted Fully paid shares	1987 Aggregate Nominal Value £m	Consideration £
Ordinary Shares of 25p each Authorised – 800,000,000 shares		200.0	
At 22nd March 1986	701,034,497	175.3	
Shares allotted:			
– Savings-Related Share Option Schemes	5,632,789	1.4	4,861,313
– Executive Share Option Schemes	2,075,228	0.5	4,119,869
– Profit Sharing Scheme	1,833,753	0.4	7,078,286
– 4th September 1986 (allotment in connection with a further acquisition in Shaw's)	2,359,806	0.6	9,958,381
At 21st March 1987	712,936,073	178.2	

Contingent rights to the allotment of Ordinary Shares in the Company at future dates exist under the terms of the Company's Savings-Related and Executive Share Option Schemes and its Profit Sharing Scheme. Under the Savings-Related Scheme options are normally exercisable between 5 and 6 years, and under the Executive Share Scheme between 3 and 10 years, from the date of the options. Under the terms of the Profit Sharing Scheme, employees can elect to take shares at market value and such shares are allotted within one month of the Annual General Meeting. Under the terms of the SavaCentre Executive Share Option Scheme approved at the Extraordinary General Meeting of 15th December 1986, options have been granted over the Company's Ordinary Shares. These options are exercisable between 3 and 10 years from the date of the option.

10 Called Up Share Capital – continued

Details of these options at 21st March 1987 were as follows:

a) Savings-Related Share Options

	Date of Grant	Price	Options outstanding at the end of the year	
			1987	1986
18th February	1981	82.25p	—	4,482,146
30th October	1981	95.75p	290,036	1,367,945
29th October	1982	187p	1,826,160	1,717,269
28th October	1983	193.50p	878,968	947,422
9th November	1984	256p	2,992,713	3 235,665
8th November	1985	326p	2,474,374	2,634,611
10th November	1986	358p	2,461,495	—
			<u>10,723,746</u>	<u>14,385,058</u>

b) Executive Share Options

	Date of Grant	Price	Options outstanding at the end of the year	
			1987	1986
29th January	1980	38.75p	—	27,232
12th September	1980	63.75p	—	43,624
11th September	1981	113.75p	132,398	305,000
13th January	1983	195p	398,774	1,478,874
18th July	1983	184p	18,882	50,954
16th January	1984	238p	1,244,799	1,998,193
28th January	1985	316p	1,824,238	1,860,956
16th September	1985	338p	138,466	141,550
14th July	1986	392p	2,417,354	—
9th March	1987	493p	83,941	—
			<u>6,258,852</u>	<u>5,906,383</u>

Figures for all prices and options outstanding are adjusted for capitalisation issues in December 1980, June 1982 and July 1984.

11 Share Premium Account

	Company £m
Balance 22nd March 1986	12.0
Premium arising on shares allotted during the year	23.0
10% Notes 1993 – discount and issue expenses (net of tax)	(0.9)
Balance 21st March 1987	<u>34.1</u>

12 Revaluation Reserve

	Group and Company £m
Balance 22nd March 1986	31.9
Transfer to Profit and Loss Account in respect of property disposals during the year (Note 13)	3.4
Balance 21st March 1987	<u>28.5</u>

13 Profit and Loss Account

	Group £m	Subsidiaries £m	Associates £m	Company £m
Balance 22nd March 1986	434.3	(5.9)	22.4	417.8
Profit retained for the year	108.3	(0.8)	9.8	99.3
Transfer from Revaluation Reserve (Note 12)	3.4	—	—	3.4
Currency movements in respect of Shaw's	0.2	(0.9)	(0.4)	1.5
Goodwill written off on acquisition of further shares in Shaw's	(5.7)	(5.7)	—	—
Balance 21st March 1987	<u>540.5</u>	<u>(13.3)</u>	<u>31.8</u>	<u>522.0</u>

The profit for the financial year dealt with in the accounts of J Sainsbury plc amounted to £149.2 million (1986 £120.7 million).

14 Other Operating Income (net)

	Group	
	1987	1986
	£m	£m
Share of surplus on sale and leaseback of properties	6.5	6.7
Profit on disposal of properties and other fixed assets	2.6	2.3
Production Department closure costs	—	(3.1)
	<u>9.1</u>	<u>5.9</u>

15 Net Interest Receivable/(Payable)

	Group	
	1987	1986
	£m	£m
Interest receivable	<u>27.6</u>	<u>21.4</u>
Interest payable:		
On loans not wholly repayable within five years		
10% Notes 1993 Interest	(8.4)	(1.3)
Debenture Interest	(0.1)	(0.2)
Loan Stock Interest	(0.2)	(0.2)
Bank and Other Interest on loans wholly repayable within five years	(30.7)	(35.5)
Interest Capitalised	20.4	15.2
	<u>(19.0)</u>	<u>(22.0)</u>
	<u>8.6</u>	<u>(0.6)</u>

16 Retail Profit

	Group	
	1987	1986
	£m	£m
The Retail Profit has been arrived at after charging:		
Depreciation	49.8	40.3
Pension Scheme Contributions	18.0	15.9
Directors' Emoluments (Fees nil – Note 19)	1.5	1.2
Auditors' Remuneration (Company £130,000)	0.2	0.1
Pensions to former Directors	0.1	0.1

17 Profit Sharing

This represents the amounts due to employees under the profit sharing scheme which is calculated on the retail profit. In order that the employees can identify the retail profit, the profit and loss account has been amended and expanded from the minimum details required by the Companies Act 1985.

18 Employees

	Group	
	1987	1986
	£m	£m
Employees' remuneration and related costs during the year amounted to:		
Wages and salaries	322.4	283.4
Social security costs	20.0	18.5
Other pension costs	18.0	15.9
	<hr/>	<hr/>
	360.4	317.8
Employees' profit sharing scheme	21.2	15.8
	<hr/>	<hr/>
	381.6	333.6

	1987	1986
The weekly average number of employees during the year was:		
Full-time	26,967	25,706
Part-time	40,653	38,301
	<hr/>	<hr/>
	67,620	64,007
	<hr/>	<hr/>
Full-time equivalent	43,809	41,420
	<hr/>	<hr/>

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

	1987	1986
£30,001-£35,000	29	8
£35,001-£40,000	6	12
£40,001-£45,000	5	10
£45,001-£50,000	16	3
£50,001-£55,000	5	1
£55,001-£60,000	1	—
£60,001-£65,000	1	—

19 Directors' Remuneration

	1987	1986
	£000	£000
Chairman	125	125
Highest paid Director	190	125

Remuneration of all Directors fell within the following ranges:

	1987	1986		1987	1986
£ 5,001-£10,000	3	3	£90,001-£ 95,000	4	—
£65,001-£70,000	—	1	£100,001-£105,000	1	1
£70,001-£75,000	1	1	£110,001-£115,000	1	—
£75,001-£80,000	1	4	£115,001-£120,000	1	1
£80,001-£85,000	—	1	£120,001-£125,000	1	1
£85,001-£90,000	2	3	£185,001-£190,000	1	—

20 Tax on Profit on Ordinary Activities

	Group	
	1987 £m	1986 £m
The tax charge for the year is:		
Corporation tax	86.1	57.1
Deferred tax credit	(4.0)	2.6
Share of Associates' tax	6.8	5.7
	<hr/> 88.9	<hr/> 65.4

The corporation tax charge above of £86.1 million is at the rate of 35% (1986 40%) and calculated after taking the benefit of capital allowances totalling £40.6 million. After deducting tax relief of £7.2 million on interest capitalised and £0.3 million on 10% Notes 1993 issue expenses the net amount of £78.6 million is payable by January 1988.

The Company is not a Close Company under the terms of the Income and Corporation Taxes Act 1970.

21 Dividends

	Company	
	1987 £m	1986 £m
Interim	14.6	11.6
Proposed final	35.3	27.1
	<hr/> 49.9	<hr/> 38.7

The interim dividend of 2.05p per share, paid on 16th January 1987 together with the related tax credit is equal to 2.89p and the proposed final of 4.95p per share together with the related tax credit is equal to 6.78p.

22 Future Capital Expenditure

	Group	
	1987 £m	1986 £m
Contracted for but not provided for in the accounts	166.6	91.4
Authorised but not contracted for to date by Board of Directors	223.7	200.3

23 Contingent Liabilities and Financial Commitments

The Group has guaranteed facilities for Associates to the extent of £1.1 million (1986 £1.2 million) at the date of approval of these Accounts. Other contingent liabilities amounted to £0.2 million (1986 £0.2 million) at that date. In addition the Company has guaranteed bank overdrafts for subsidiaries to the extent of £14.0 million (1986 £5.4 million), the Yen 5,000 million 5% Guaranteed Notes 1991 and the \$4 million term bank loan 1991 of another subsidiary.

The Group has many future financial commitments in respect of rents payable on certain leasehold properties; these are charged to the Profit and Loss Account in the year to which they relate.

24 Pension Commitments

The Group has deducted the necessary pension contributions from those employees who are members and has paid over these and its own contributions to the J Sainsbury Pension and Death Benefit Scheme. The contributions have been paid in accordance with the recommendations made by the independent firm of Actuaries reporting to the Trustees of the Scheme to provide the benefits as set out in the Rules of the Scheme.

30 The Scheme is valued triennially by the Scheme's independent Actuaries; they have confirmed that on the on-going valuation basis adopted for this purpose, the Scheme is in balance, after taking credit for future contributions.

Group Current Cost Information
for the 52 weeks to 21st March 1987

	1987 £m	1986 £m
Historical Profit on ordinary activities before tax	246.9	192.7
Current Cost Adjustments	(7.7)	(13.8)
Current Cost Profit on ordinary activities before tax	239.2	178.9
Current Cost Earnings per Share – actual basis	21.24p	16.24p
Current Cost Dividend Cover – maximum distribution basis	3.18 times	2.94 times
Current Cost Capital Employed	£1,217.2m	£1,132.9m
Current Cost Return on Capital Employed	19.34%	16.64%

Notes:

1. The current cost adjustments have been calculated on the basis of the principles contained in SSAP16.
2. The accounting policies of the Group used in preparation of the historical cost accounts have been adopted in preparing this information.

Auditors' Report

To the Members of J Sainsbury plc

We have audited the Financial Statements on pages 18 to 30 in accordance with approved Auditing Standards.

In our opinion the Financial Statements, which have been prepared under the historical cost convention as modified by the revaluation of certain properties, give a true and fair view of the state of affairs of the Company and the Group at 21st March 1987 and of the profit and source and application of funds of the Group for the period then ended and comply with the Companies Act 1985.

Clark Whitehill

Clark Whitehill
Chartered Accountants
London

19th May 1987

Shareholders' Interests

21st March 1987

Number of Shareholders 45,938 (1986 41,093)

Shareholdings Range

	Shareholders %	Shares %
	1987	1987
500 and under	31.4	0.6
501 to 1,000	32.8	1.7
1,001 to 10,000	32.8	5.7
10,001 to 100,000	2.3	4.3
100,001 to 1,000,000	0.5	12.0
over 1,000,000	0.2	75.7
	<u>100.00</u>	<u>100.00</u>

Category of Shareholders

	Shareholders %	Shares %
	1987	1987
Pension Funds	0.3	7.6
Insurance Companies	0.8	6.6
Investment Trusts	0.1	0.1
Banks & Nominee Companies	9.5	18.9
Other Corporate Bodies	2.7	16.7
Other Shareholders	86.6	50.1
	<u>100.00</u>	<u>100.00</u>

At the year-end the trustees of the profit sharing scheme held 6,894,584 shares (1986 6,323,333) on behalf of 18,265 participants (1986 15,939) in the scheme. The trustees' holding is included in "Other Shareholders" above.

Capital Gains Tax

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

Date	Value	Date	Value
19th July 1973	18.125p	31st March 1982	138.75p
8th December 1980	82.5p	5th July 1982	160.0p
		16th July 1984	246.0p

Financial Calendar

1 Dividend and Interest Payments

Ordinary Dividend: Interim announced:
Final proposed:
7¼% First Mortgage Debenture Stock 1987/92
6½% First Mortgage Debenture Stock 1988/93
5¾% Guaranteed Notes 1991
10¾% Notes 1993
8% Irredeemable Unsecured Loan Stock

November
May
7th March
31st May
5th November
7th January
1st March

paid: January
paid: July
7th September
30th November

1st September

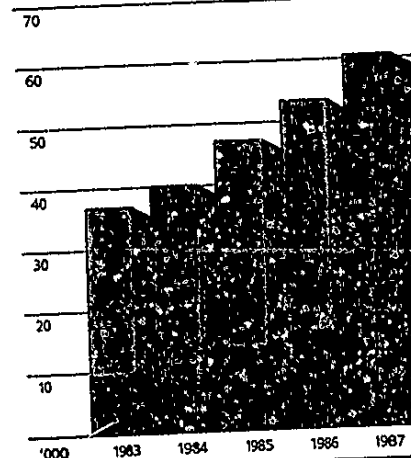
2 Other dates—Financial Year 1987/88

Results for half-year: announced November
Results for year: announced May

Report & Accounts: circulated in June
Annual General Meeting: July

Staff as Shareholders

Other Registered Shareholders
Staff holding shares through the Profit Sharing Scheme Trust
Staff holding shares both as registered shareholders and through the Profit Sharing Scheme Trust



About 18,300 staff are either registered shareholders or hold shares through the Profit Sharing Scheme Trust.

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.

Notice of Annual General Meeting

Notice is hereby given that the sixty-fifth Annual General Meeting of J Sainsbury plc will be held at the Plaisterers Hall, 1 London Wall, London EC2 on Wednesday, 1st July 1987 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 21st March 1987 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint The Rt. Hon. James Prior a Director.
- 4 To re-appoint Clark Whitehill as Auditors and to authorise the Directors to fix their remuneration.

As Special Business to consider, and if thought fit, to pass the following Resolutions set out in the appendix to the accompanying letter dated 4th June 1987 from the Chairman of the Company to shareholders, of which Resolutions 5, 6 and 7, will be proposed as Ordinary Resolutions and Resolution 8, as a Special Resolution.

- 5 To increase the authorised share capital of the Company.
- 6 To authorise the capitalisation issue.
- 7 To renew the Directors' authority to allot relevant securities.
- 8 To renew the authority of Directors with regard to statutory pre-emption rights.

By Order of the Board

N. F. Matthews

Secretary

4th June 1987

Notes

- 1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.
- 2 Although this Annual Report is sent to debenture and loan stockholders and to beneficial owners of shares under the share trust of the Company's employee profit sharing scheme, 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 11.15 am.

J SAINSBURY plc

Proxy for use at Annual General Meeting 1987

I _____ **BLOCK LETTERS**

of _____
being a member of J SAINSBURY plc hereby appoint Sir John Sainsbury or failing him
Sir Roy Griffiths, both Directors of the Company or _____
_____ to vote for me and on my behalf at the
Annual General Meeting of the Company to be held on Wednesday, 1st July 1987, and at
any adjournment thereof.

I direct that my vote(s) be cast on the specified Resolutions as indicated by an "X" in the
appropriate spaces.

	For	Against
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		

The Resolutions are
numbered as in the
Notice of Meeting

Notes:

- 1 This proxy form must be lodged with the Registrars of the Company, National Westminster Bank PLC, P.O. Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 48 hours before the meeting.
- 2 In the case of joint holders, the signature of the first-named holder will be accepted.
- 3 If the appointor is a corporation, this proxy may be executed under its common seal, if any, or under the hand of the officer or attorney authorised.
- 4 If any other proxy be preferred, strike out the names inserted above and substitute the name(s) of the proxy or proxies desired in the space provided and initial the alteration.
- 5 Unless otherwise directed, the proxy will abstain or vote as he or she thinks fit on the specified Resolutions.
- 6 The lodging of a proxy does not prevent shareholders attending the meeting in person and voting

Signature _____

Dated this _____ day of _____ 1987



THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
Licence No. BS 2282

2



National Westminster Bank PLC
P.O. Box 82
Caxton House
Redcliffe Way
BRISTOL BS99 7YA

FIRST FOLD

SECOND FOLD



Sainsbury's colour advertising campaign has graced the glossy magazines and colour supplements for several years. Shown here is a selection of advertisements which appeared during the year and which again won critical acclaim from the advertising world.