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# **SAINSBURY'S**

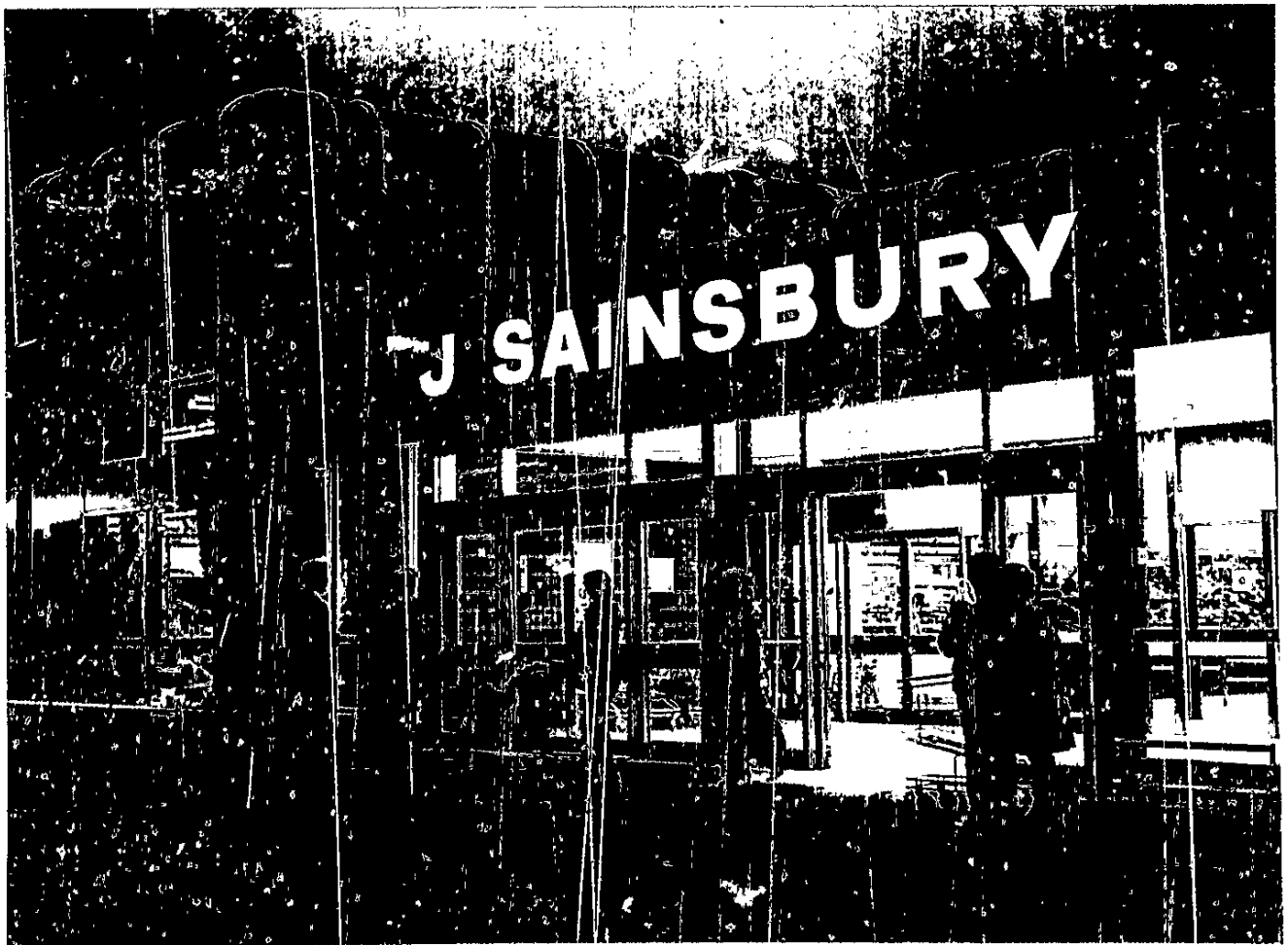
annual report and accounts 1985



## Sainsbury's Annual Report and Accounts 1985

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The new 27,000 sq ft supermarket at York is one of ten Sainsbury stores trading in Yorkshire and Humberside



## Joint Presidents

Lord Sainsbury of Drury Lane  
Sir Robert Sainsbury

## Board of Directors

Sir John Sainsbury *Chairman and Chief Executive*  
E. R. Griffiths *Deputy Chairman and Managing Director*  
P. J. Davis *Assistant Managing Director, Buying and Marketing*  
D. J. Sainsbury *Finance*  
G. C. Hoyer Millar *Property Development*  
J. H. G. Barnes *Retail Operations*  
L. S. Payne *Company Systems*  
C. Roberts *Meat, Pork Products and Bakery Buying*  
R. A. Ingham *Dairy, Produce and Off-Licence Buying*  
R. T. Vyner *Grocery and Non-Foods Buying*  
R. A. Clark *Personnel and Data Processing*  
D. E. Henson *Financial Controller*  
D. A. Quarmby *Distribution*  
Sir James Spooner *Non-Executive*  
Mrs. J. Jenkins *Non-Executive*  
The Rt. Hon. James Prior, MP *Non-Executive*

## Departmental Directors

F. R. Burnstead *Non-Foods Buying*  
A. B. Cheesman *Off-Licence Buying*  
D. J. Clapham *Area Director*  
M. D. Conolly *Marketing*  
R. Cooper *Bakery and Delicatessen Buying*  
E. A. O. 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 and Pork Products Buying*  
A. L. Jacobs *Data Processing*  
R. Linfield *Architects and Engineering*  
R. McLaren *Dairy and Frozen Foods Buying*  
D. A. Males *Retail Operations*  
A. R. Mathias *Distribution*  
N. F. Matthews *Company Secretary*  
M. D. Morgan *Grocery Buying*  
F. E. Netscher *Chief Accountant*  
G. A. G. Nichols *Grocery Administration*  
E. G. Ricketts *Area Director*  
M. Rosen *Non-Foods Buying*  
D. W. Smith *Merchandising*  
Dr. R. Spencer *Scientific Services*  
O. R. Thomas *Personnel*  
R. P. Whitbread *Produce Buying*  
K. C. Worrall *Meat and Poultry 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  
37 Broad Street  
Bristol BS99 7NH

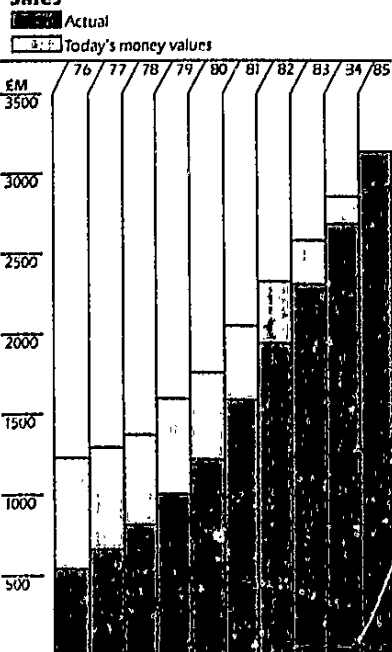
## Results at a Glance

£ million	1985 52 weeks to 23rd March	1984 52 weeks to 24th March	Increase
<b>Group Sales</b>	<b>3,135.3</b>	<b>2,688.5</b>	<b>16.6%</b>
Retail Profit	158.8	133.7*	18.7%
Net Margin	5.06%	4.97%*	
Associates—share of profit	9.7	6.0	60.1%
<b>Group Profit before Tax and Profit Sharing</b>	<b>168.5</b>	<b>139.7*</b>	<b>20.5%</b>
Profit Sharing	12.1	9.7*	24.1%
Group Profit before Tax and after Profit Sharing	156.4	130.0	20.2%
Group Profit after Tax and after Profit Sharing	108.4	89.0	21.8%
<b>Earnings per Share (35% tax)</b>	<b>14.64p</b>	<b>12.26p</b>	<b>19.4%</b>
Dividend per share	4.5p	3.75p	20.0%
Annual investment	246	181.4	35.7%

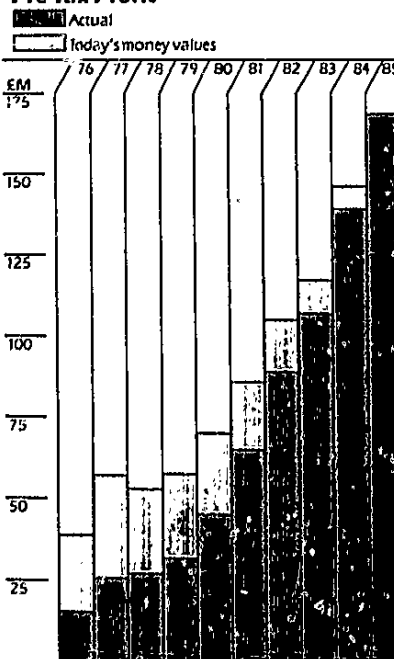
Group figures include Homebase

\*Restated for comparison purposes, see Note 17 on page 29

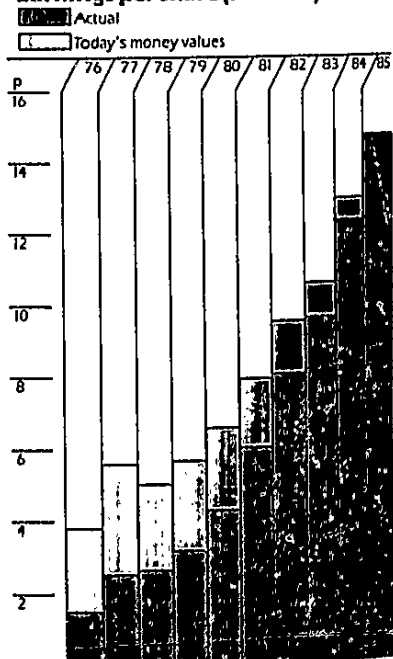
**Sales**



**Pre-Tax Profit**



**Earnings per share (35% Tax)**



In March, the Company was honoured by a visit from Her Majesty Queen Elizabeth, the Queen Mother, to the Cromwell Road, London, store. Her Majesty spoke to customers and staff while looking round the whole store and also visited behind the scenes.



### Chairman's Statement 1985

I am happy to be able to report that for the sixth successive year the Group's profit before tax and profit sharing has increased by over 20%. In the past decade, profit has grown from £15.4m to over £168m, a compound annual increase of 30.4%, which after allowing for inflation is equivalent to 17.6% real growth per annum.

Sales advanced 16.6%, with sales from Sainsbury outlets increasing by 16% to reach £3,071m and from Homebase by 60% to £64m. Supermarket volume growth was similar to last year's, at over 9%.

The percentage net profit margin on retail sales was at a record level of over 5.0%, which is particularly pleasing given that gross margins were similar to the previous year.

Both our associate retail companies had successful years. SavaCentre opened its sixth hypermarket in Edinburgh where sales far exceeded forecast. In total, SavaCentre's sales increased by 17% to £235m, whilst profits advanced by nearly a million pounds to £9.7m.

The performance of our American associate, Shaw's, where we hold a 21% interest, was also satisfactory with sales advancing by 14.3% to \$812m and profit before tax up by 11% to \$20.2m.

### Investment Programme

We have always believed in expansion through investment within the Company rather than by acquisition. We do not seek greater size for its own sake, but we do set the highest priority in constantly updating the business so that we may better meet our customers' needs.

It has always been our policy to close outdated stores whenever we can build a replacement supermarket or to expand and modernise stores when that is possible. As a result a quarter of the additional volume gained in the past five years has come from replacing or extending older stores. At the same time we have expanded our trading area considerably which accounts for a further quarter of the additional volume, the remainder coming from new stores in existing territory and growth from established supermarkets.

In the north of England we have opened 19 supermarkets during the last five years and they are trading at a considerably higher level than originally expected. Our market share in Yorkshire and Lancashire is increasing fast.

Our investment programme increased last year to the record figure of £246m. The 15 new supermarkets opened had an average size of over 26,000 sq. ft., the highest ever. Homebase now has 23 stores, having opened a further nine during the year with an average selling space of 46,000 sq. ft. per store which includes both covered and open sales area.

Increase
16.6%
18.7%
60.1%
20.5%
24.1%
20.2%
21.8%
19.4%
20.0%
35.7%

% Tax)



### Intensity of Competition

The food trade remains as competitive as ever both for retailers and for manufacturers. One element of competition, and a healthy one, is the large number of new stores being opened by food retailers across the country. It is estimated that, in the last year, about 80 new large supermarkets and superstores have been opened, bringing for the customer, wider choice, more convenience, lower prices and better car parking, and for the retailer, greater efficiency. Sainsbury's new supermarkets last year accounted for about 20% of the total of new selling space in the supermarket industry.

Competition in most areas of food manufacturing has also remained keen and we estimate that there were more than 1,500 new products available to supermarkets. Over 200 new Sainsbury grocery lines were marketed. The food trade has always been a fast changing one and whilst many new products appear on supermarket shelves, so also many items are discontinued as their sales decline in the face of competition.

However, the important point to make is that the food trade is continually enlarging the choice available to the public by opening larger stores that have the space for a wider range and by product innovation, both proprietary and private label.

In the case of Sainsbury's the full range of proprietary and Sainsbury label lines sold in traditional food and household departments has increased by about 25% in the past five years, whilst the number of stores large enough to stock that full range has doubled to 110. Such substantial progress in improving the depth of our range significantly strengthens our competitive position.

This is well illustrated by the fact that the average customer purchase in our newer largest stores is three times greater than that in our older supermarkets. In addition the larger stores have enjoyed a greater increase in trade by attracting more customers.

This highlights the value of the expansion programme for our competitive position and the advantage we gain from the age profile of the stores – over 40% of our selling space has been opened in the past five years. Our supermarkets remain over twice as large as the national average and sales per square foot have been maintained in real terms despite the increasing average size of selling area. As a result we continue to have the cost advantage of spreading overheads over sales per square foot that are considerably greater than the industry average.

### Importance of Value

The importance for successful food retailing of the size of supermarkets and the convenience and choice they offer, is matched by the importance of the quality of the goods on sale. This is nowhere more vital than in perishable foods where quality variation is greatest and the highest skills are required in buying, distributing and selling. In the non-perishable, branded grocery range no difference can exist in the quality that different retailers can provide. This does not





apply to retailers' own brands which require many of the same trading skills as in perishable foods and where the key to success lies in the selection of high quality and in the strictest quality control. From the foundation of the business we have been concerned first and foremost with attaining the highest quality standards and the scale of our trade in perishable food and Sainsbury label products is proof of the rightness of that priority.

I believe that in a number of important trading areas we have made significant progress in enhancing quality standards during the year. Consideration of price competitiveness has to be put alongside competitiveness in quality; what the consumer is concerned with is the good value she obtains, in quality, price and service. Along with our quality priorities, it has always been our trading objective to provide the lowest "shopping basket" prices. I am therefore pleased to be able to report that during the year Sainsbury's price competitiveness has been improved still further, particularly in relation to major competitors. SavaCentre has likewise strengthened its price competitiveness so that it is now regularly reported by an independent research organisation as having the lowest grocery prices of any food retailer it surveys.

#### **Planning Development**

It is obvious that given today's need for larger stores with sufficient adjacent car parking, it is only rarely that a conventional High Street or town-centre location can provide adequate space. However, it is possible to find large sites in off-centre and edge-of-town locations in land no longer required for its former commercial, industrial or public utility use. This form of urban renewal should be encouraged – as the most enterprising local authorities are increasingly doing.

There is often concern with protecting existing trade in town centres rather than permitting developments of supermarkets in new locations. I would suggest that the best protection for town centres and for the commercial attraction of the traditional High Streets is not the preservation of out-of-date food outlets but their replacement by modern, specialist retailers, for example, in clothing or consumer durables. The argument that a new store development would impact on existing traders, so often given as a reason for refusing planning permission, fails to recognise the facts of changing commercial life and changing consumer needs.

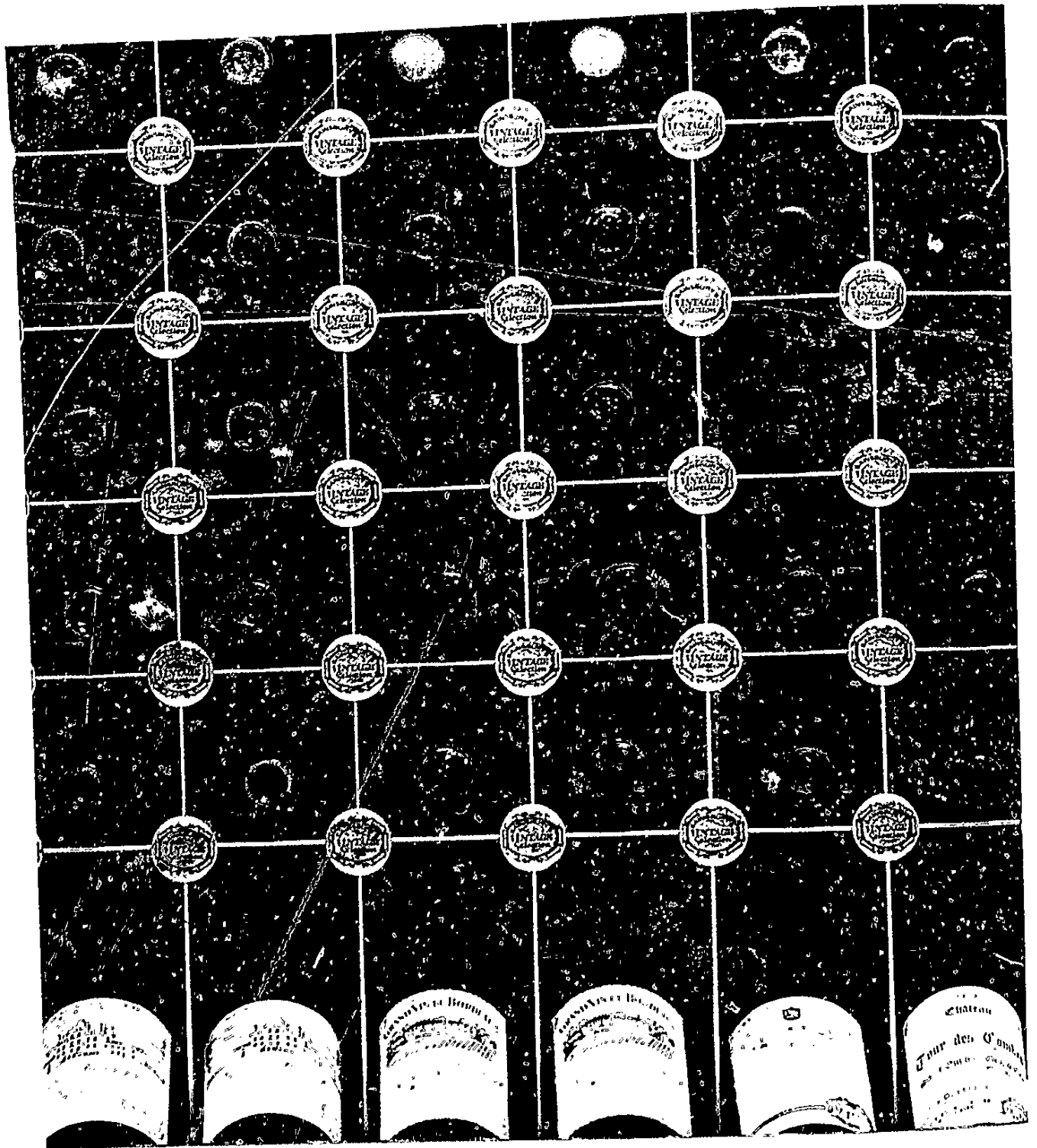
The real losers from new, large stores are the typical supermarket opened 20 years ago. Should we really be using the planning system to try and protect these from the winds of change?

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Sainsbury's and Homebase have six linked developments. The one at Hull, shown here and on page 1, provides over 84,600 sq. ft. of selling area on what was formerly disused railway land.

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<p>£3.35</p>		<p>£2.99</p>	<p>£2.95</p>	<p>£4.75</p>
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### Supplier Relations

One of the keys to the Company's success lies in the good value and range of Sainsbury label products. There are approximately 3,000 of these in our food and drink range and they are supplied by more than 700 different manufacturers and processors. In many cases we have had the same suppliers of our products since they were first marketed, which can go back over 40 years. These much valued suppliers have been able to grow, as we have grown, by many times over that period.

At the other extreme some of the most innovative and attractive products we have introduced have been developed through collaboration with new, small companies depending on new technology and greater enterprise than their older and larger rivals.

A high proportion of Sainsbury label products are supplied by small suppliers who may lack the marketing muscle of the giants of the industry but have up-to-date and efficient manufacturing capacity. This aspect of the private label trade is clearly not the most popular with some manufacturers who enjoy market shares of 50% or higher for their products.

The private label trade, however, not only offers an outlet for many small suppliers who otherwise would have difficulty competing with the largest manufacturers, but also provides healthy competition for many of the most dominant proprietary brands.

We are most grateful to all our suppliers of Sainsbury label products, large and small, for serving us so well. We believe our trade is and must be founded on a mutually profitable basis and that we should both share in the success of that trade.

I must also emphasise the good relations we enjoy with the great majority of branded product suppliers. We believe we should offer our customers the choice of the best of branded products at the keenest prices, as well as Sainsbury label goods.

We do not believe in selling goods below cost and will always lend support to suppliers who resist such moves by others. We are pleased that the greater number of large shops we now have allows us to offer our customers a wider choice of proprietary branded lines than we have ever been able to do before.

### Board Changes

In July 1984, I announced the appointment of Mr. David Quarmby to the Board to assume Board responsibilities for the Distribution Division in succession to Mr. Len Payne who will shortly be reaching retirement age.

Mr. Quarmby was for nine years a member of the London

Transport Board, and latterly a Managing Director and thus has considerable experience in management of large scale transport undertakings. He assumed responsibility for the Distribution Division in April 1985. I am pleased to report that Mr. Payne will continue with his other executive duties until the end of next year.

It is also with great pleasure that I record the appointment of The Rt. Hon. James Prior MP as a non-executive Director as announced in December. His wide experience in public life, including that as Minister of Agriculture, Fisheries and Food and Secretary of State for Employment, will I feel sure make his advice of great value to the Board.

### Appreciation of Staff

In five years the number of those who work for the Group has increased by 25,000 so that today we have a total of 62,000 staff. We are proud to have been able to create these new job opportunities. We fully support the Youth Training Scheme and have 300 young people taking part. All those who complete the training period successfully will be offered full-time employment.

One of the most satisfactory features of the rapid expansion of the Group is the scope it has provided for promotion and career development. For example, 90% of retail store management have had a grade promotion during the last three years. Such advancement reflects well both on the hard work and commitment of the individuals and on the high priority we give to training, in the Retail Division and throughout the Group.

Finally it is with a deep-felt sense of admiration for the expertise, professionalism, and commitment to the pursuit of excellence on the part of all staff, that I thank them for their achievements in the past year.

John Sainsbury Chairman

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Vintage Selection — Sainsbury's is the largest seller of table wines in the country. Its special collection of fine wines is proving very popular.

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### Homebase Limited

Homebase is now a well established company in the DIY and garden centre markets. At the year end there were 23 stores trading and expansion continues, with five new openings planned for the current year. Given considerable development costs, a small operating profit on sales of £64 million was a satisfactory performance.

The Directors are Mr. G. C. Hoyer Millar (Chairman), Mr. P. J. Davis, Mr. D. E. Henson and Mr. D. A. Males, together with two Directors from our Belgian partners, GB-Inno-BM, S.A., and two Directors from Homebase, Mr. D. B. Adriano (General Manager) and Mr. A. F. Rees.

### SavaCentre Limited

The opening of the 67,400 sq. ft. hypermarket at Cameron Toll, Edinburgh, brings the number of SavaCentres to six. Sales and profits at all the hypermarkets continued to be good. There is an exciting prospect of a new SavaCentre at Merton, south west London, where a planning application has been submitted in conjunction with the local authority for the development of derelict land. SavaCentres at Washington and Hempstead are being extended and renovated.

The Directors are Mr. D. J. Sainsbury (Chairman), Mr. J. H. G. Barnes, Mr. L. S. Payne and Mr. R. T. Vyner, together with four Directors from our partners, British Home Stores PLC, and two Directors from SavaCentre, Mr. W. R. Yeates (General Manager), and Mr. J. M. Williams.

### Haverhill Meat Products Limited

Haverhill Meat Products, which produces Tendersweet bacon and a wide range of pork products, made a slight pre-tax loss in a difficult year. The company and its subsidiary, Palethorpes, are now both trading strongly with improved productivity.

The Directors are Mr. E. R. Griffiths (Chairman), Mr. D. E. Henson, Mr. N. F. Matthews and Mr. C. Roberts, together with four Directors from our partners, Canada Packers Inc. of Toronto, and four Directors from HMP, Mr. D. Pillar (General Manager), Mr. P. Collins, Mr. D. M. Hickman and Mr. N. Roberts.

### Shaw's Supermarkets Inc. (USA)

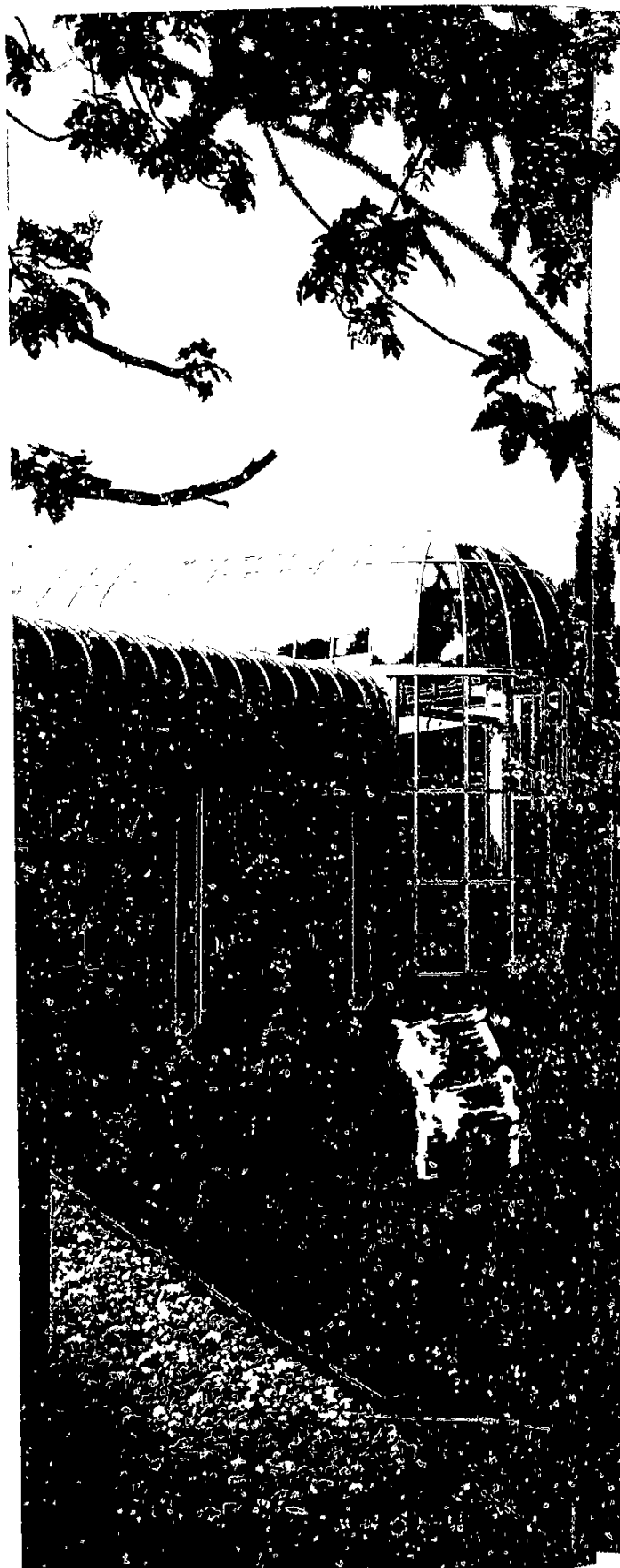
Sainsbury's most recent associate, Shaw's Supermarkets, trading in Massachusetts, New Hampshire and Maine, has had a successful year, which has seen the opening of three stores and a new distribution centre. Sales increased by 14.3% and profit before tax by 11%.

The Sainsbury Directors are Mr. P. J. Davis and Mr. D. J. Sainsbury.

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right  
Homebase at Catford, south east London, built on former derelict land, is trading well and has been highly praised for its design.

far right  
Customers have reacted very favourably to the new SavaCentre at Edinburgh — the sixth SavaCentre and Sainsbury's first presence in Scotland.





### Creating New Jobs

The number of people working in Sainsbury's increased by more than 5,600 during the year – an average of over 100 new jobs per week.

In addition to providing new jobs in Sainsbury's, the Company's expansion and capital investment – approaching £5 million per week – help to generate jobs elsewhere in the economy. Considerable work is provided for the construction industry, but there are also more than 3,000 firms throughout the country which supply equipment, consumable goods and services to Sainsbury's for use within the business.

About 70% of the new jobs within Sainsbury's are for part-time staff, who form an integral part of the Sainsbury work force. Many part-time staff have been with the Company for a long time and provide an additional element of maturity and stability. The changing pattern of customers' shopping requirements, particularly for longer opening hours, has to be met by a flexible response in which part-time employees play an important role. In turn these opportunities meet the growing demand from individuals for part-time work.

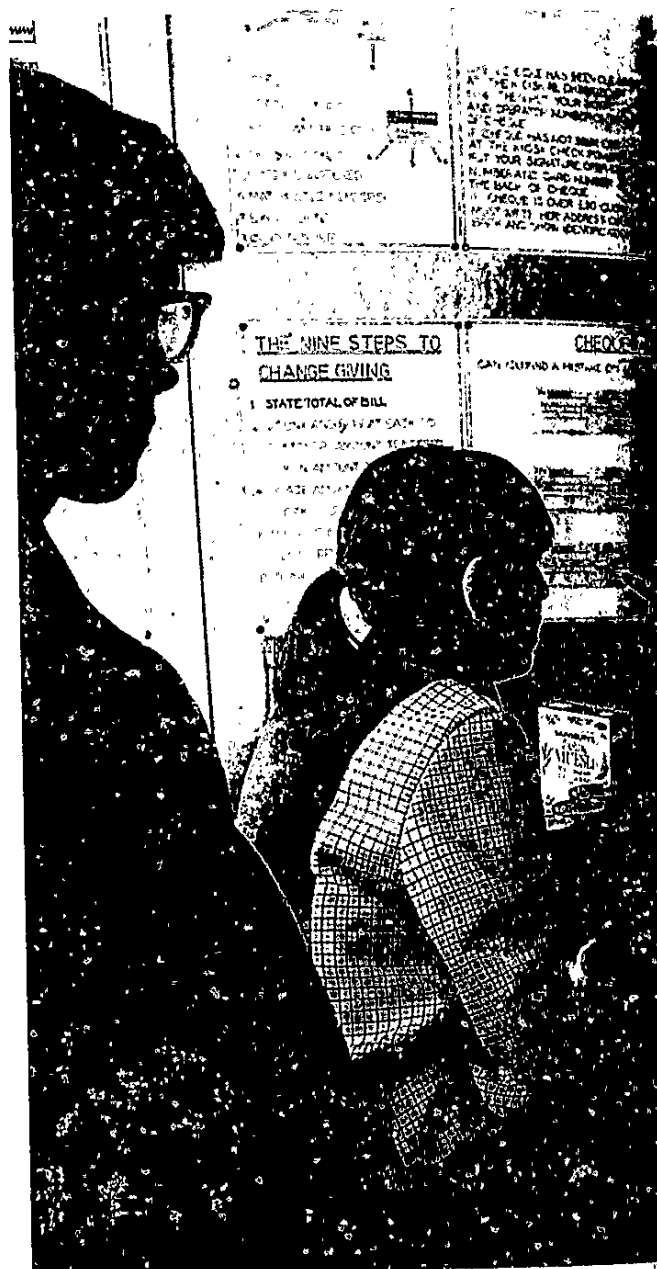
Some of the new jobs in Sainsbury's inevitably replace jobs lost elsewhere in retailing as productivity increases through development. However, the improvements to facilities and the additional service to the customer which investment brings mean that there is a net increase of jobs overall. Moreover, the new jobs in large stores are likely to require greater skills and offer better conditions, career opportunities and security of employment than those they replace.

For example, during the last five years the number of management posts within Sainsbury's has increased by some 2,000. Many of the new opportunities are for young people. At any one time there are over 800 management trainees developing their skills in Sainsbury stores. There is thus a constant in-put from both staff and the Company in training and personal development – one of the most important investments for the future.

### Employment Policies

Sainsbury's pursues an active policy of involving employees in the business of the Company in many ways, specifically by an extensive programme of communication and by encouraging share ownership through share option and profit sharing schemes. Currently some 13,500 employees – over a fifth of the staff – hold shares through the profit sharing scheme. In all, more than a quarter of the shareholders are employees.

Group employment policies respect the individual and offer career opportunities regardless of sex, race or religion, and, for the disabled, according to their skills and capacity.



### Employee Statistics

Average number of employees

full-time  
part-time  
full-time equivalent

Annual wage/salary costs (£'000)

Average wage/salary (£)

Sales per employee (£)

Number of employees eligible for profit sharing

Profit Fund (£'000)

Individual profit share based on average salary (£)

Staff training represents a very heavy investment for Sainsbury's. Here a group of youngsters is being instructed in the checkout procedures for scanning at the Wimbledon store.



	1981	1982	1983	1984	1985
	18,578	19,930	21,180	22,910	24,548
	24,028	27,159	30,519	33,726	37,710
	27,913	30,506	33,305	36,384	39,780
	123,904	154,405	198,754	213,989	248,731
	4,439	5,061	5,564	5,881	6,253
	56,934	63,940	69,522	73,893	78,816
	18,835	22,544	25,811	28,386	31,151
	3,699	5,675	7,222	9,716	12,053
	234	313	447	479	488

#### Openings 1984/85

Supermarkets	Sales Area sq.ft.
Bracknell	26,380
Hull	30,480
Blackpool	23,570
Newport	23,790
Thornhill, Cardiff	26,330
Canterbury	24,950
Bramingham Park, Luton	27,660
Keighley	24,260
York	27,260
Burnley	24,540
Loughborough	24,860
Warrington	26,940
Watford	29,540
Walsall	24,180
Chadwell Heath	26,480
	<u>391,220</u>

Homebase	*Sales Area sq.ft.
Hendon	47,910
Hull	54,150
Penge	34,170
Willesden	42,240
Walthamstow	49,710
Catford	42,640
York	48,850
Walsall	46,390
Coventry	47,540
	<u>413,600</u>

#### Projected Openings 1985/86

Supermarkets	Sales Area sq.ft.
Brighton	29,850
Beeston, Nottingham	26,510
Swansea	26,390
Lancaster	23,990
Burpham, Guildford	32,110
Ipswich	35,210
Redhill	26,750
Stockport	24,460
Altrincham	23,720
Ilford	26,540
Chichester	23,910
Islington	25,190
Salisbury	21,690
Barkingside	35,130
High Wycombe	26,360
	<u>407,810</u>

Homebase	*Sales Area sq.ft.
Swansea	41,450
Reading	47,480
Waltham Cross	47,580
Ipswich	48,640
Colchester	43,750
	<u>228,900</u>

\*Includes both covered and open sales area.

### Expenditure on Computer Systems

In recent years Sainsbury's has devoted considerable resources to enhance its existing computer-based systems and to develop new applications of computer technology. These are now playing a vital role in many aspects of operations. As a consequence, the Company has made significant gains in efficiency and has greatly improved service to the customer. Expenditure on these developments continues at a rate of around £21 million per annum.

### Point of Sale Developments

For the customer, the most obvious change has been the appearance of bar codes on packaging in advance of the general introduction of scanning technology. As each package is passed over a low intensity laser beam built into the checkout it is identified by its bar code and automatically matched against price information held within the system to record the sale. The result is a faster, more accurate and, because it provides a printed ticket with all the transaction details, a more complete service to the customer.

For the past five years, in conjunction with various manufacturers, Sainsbury's has been carrying out trials of scanning and computer-linked checkout equipment in a small number of stores. Now the technology and the equipment are at the point where a major installation programme is a practical prospect. All new Sainsbury stores are being equipped with scanning systems and it is planned to convert the majority of existing large stores over the next few years.

Homebase too has adopted an electronic point of sale system which is based on the ICL System 25, as used by Sainsbury's, but with a software system specially developed in America for DIY stores. Homebase carries some 18,000 lines, many of which have a much lower stock turn than is typical in Sainsbury's, and thus its stocking, ordering and delivery patterns are different. As well as identifying and pricing items at the checkout, the system provides an "on-line" record of stock movements that gives store management a detailed breakdown of sales and stock position for every line and produces a suggested order list for them to consider. In due course it is intended to link the "on-line" system at Head Office to the store systems and make store information directly available to Head Office. By making this investment at such an early stage in its development, Homebase will undoubtedly obtain increasing advantages as the number of its stores grows.

### Computers In Store

After extensive trials Sainsbury's is pushing ahead to install mini-computers in all stores. Using computer-based systems allows the store management to improve store performance in many ways and so helps to ensure better service to customers. By the end of the current financial year computers will have been installed in about 140 stores, of which some 30 will be linked to scanning installations.





This linkage enables Sainsbury's to make the maximum use of the information which the computer systems make available.

Another application of computer-based systems in all new supermarkets is the Integrated Building Management System which permits closer control and monitoring of a store's equipment and environment. Thus refrigeration equipment, heating, ventilation and lighting are all regulated automatically to give significant savings in energy whilst maintaining a pleasant atmosphere in the store.

#### **Re-ordering and Stock Control**

Sainsbury's has been using computer-based re-ordering systems in branches since the early 1970's. Here too, there have been significant developments. The combination of the Branch and Depot Ordering Systems has greatly improved the efficiency and consistency of stock replenishment. Between them these systems permit management at over 250 Sainsbury stores to order goods during the day for the next day's delivery. Orders are transmitted to central computer facilities and thence to some 21 depots for overnight assembly and loading. The first deliveries leave the depots in time to arrive at the stores by 7.30 a.m.

Stock movements through the depots are monitored constantly on an "on-line" basis which is of considerable help to the buyers in meeting changes in customer demand. The close control that Sainsbury's is able to apply gives improved use of space in the depots and has played an important part in helping the Company to reduce stock levels.

#### **Staff Response**

Along with the investment in new systems and equipment there has been a corresponding investment in human resources. Sainsbury's is fully committed to the necessary staff training and, at all levels, staff have responded with enthusiasm to the challenge of absorbing new skills and adapting to change. In some cases, for example the project to install computers and scanning in stores, which directly involves about 100 staff, new career paths have been opened. For others, the new skills bring added satisfaction and competence in more traditional roles.



above – Operating one of the new scanning checkouts – shown here in combination with the latest scale technology which enables fruit and vegetables selected by customers to be weighed and priced at the checkout in a single operation.

left – Staff have adapted very quickly to using computers in store operations. In a heavy investment programme, 140 Sainsbury stores will have mini computers by the end of the financial year.

right – Keeping the stores well supplied is an essential service to the customer. Sainsbury's distribution and store ordering system links some 21 depots through computer networks in a complex and sophisticated operation.

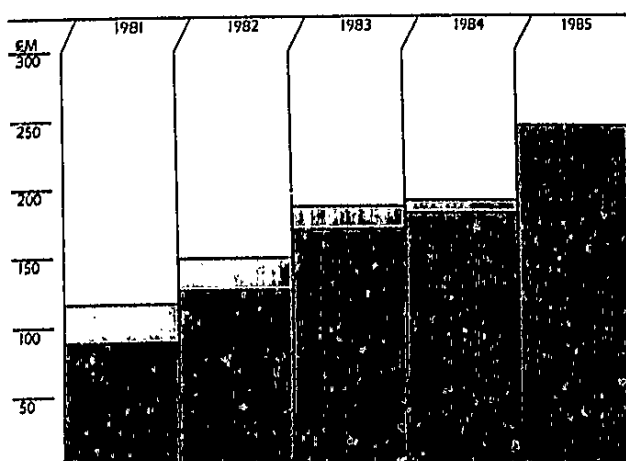


## Summary of Results/Retail Statistics

	1976	1977	1978
<b>Results</b> £ million			
<b>Sales</b>	543.4	663.8	811.1
Increase on previous year	20.0%	22.1%	22.2%
<b>Retail Profit</b>	15.4	25.3	27.1
Net margin	2.83%	3.81%	3.35%
Associates—share of profit—SavaCentre	—	0.9	(0.3)
—Others	—	—	0.8
<b>Profit before tax and profit sharing</b>	15.4	26.2	27.6
Increase on previous year	5.4%	69.8%	5.3%
Profit sharing	—	—	—
Tax charged	8.0	6.0	6.6
Profit after tax and profit sharing	7.4	20.2	21.0
Extraordinary items	0.7	0.9	—
<b>Earnings per share (35% tax)**</b>	1.51p	2.56p	2.70p
Increase/(decrease) in real terms	(15.0%)	47.1%	(7.5%)
<b>Dividend per share**</b>	0.61p	0.68p	0.76p
<b>Retail Statistics</b>	**Adjusted in respect of capitalisation issues in 1980, 1982 and 1984		
<b>Number of outlets at financial year-end</b>	18	18	23
Supermarkets—over 20,000 sq. ft. sales area	94	104	107
10,000–20,000 sq. ft. sales area	63	59	55
under 10,000 sq. ft. sales area	—	—	—
<b>Total</b>	175	181	185
Small stores	34	32	32
SavaCentre	—	—	1
Homebase	—	—	—
<b>Sales area (000 sq. ft.)</b>	2,240	2,391	2,499
Total Sainsbury	15.7%	6.7%	4.5%
Net increase on previous year	—	—	73
SavaCentre	—	—	—
Homebase—open and covered area	—	—	—
<b>New supermarket openings</b>	17	10	7
Average size of new supermarkets (sq. ft.)	19,780	19,290	18,660
Average size of all supermarkets (sq. ft.)	12,300	12,760	13,080
<b>Average supermarket sales</b>	58,200	68,400	82,000
Per supermarket (£ per week)	4.95	5.46	6.33
Per square foot (£ per week)	—	—	—
<b>Share of national trade in food and drink shops</b> (based on DTI data)	4.2%	4.4%	4.8%

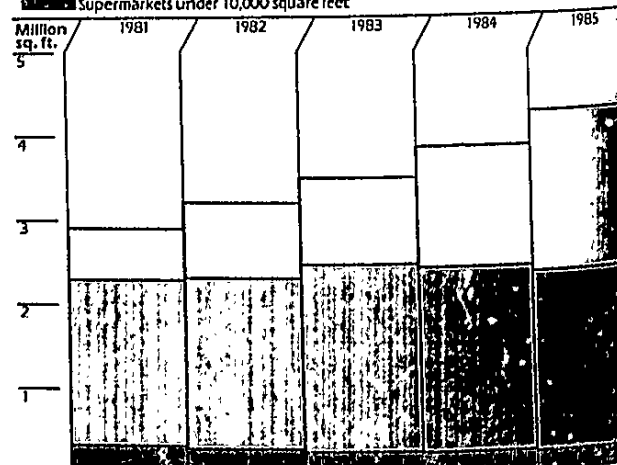
### Annual Investment

Actual  
Today's money values



### Analysis of Supermarket Sales Area

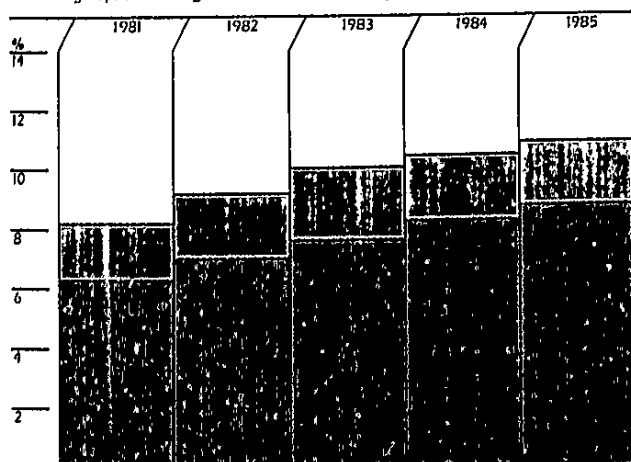
Supermarkets over 20,000 square feet  
Supermarkets between 10,000 and 20,000 square feet  
Supermarkets under 10,000 square feet



1978	1979	1980	1981	1982	1983*	1984	1985
811.1 22.2%	1,007.1 24.2%	1,226.6 21.8%	1,589.2 29.6%	1,950.5 22.7%	2,315.8 17.6%	2,688.5 16.1%	3,135.3 16.6%
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
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 35.5% 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 —
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% 4.5p
*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							
23 107 55 — 185 32 1 —	26 111 53 — 190 34 2 —	26 122 49 — 197 34 2 —	28 135 45 — 208 29 4 —	39 139 40 — 218 27 5 2	44 149 36 — 229 22 5 7	60 147 35 — 242 20 5 14	77 143 33 — 253 18 6 23
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	4,324 9.6% 424 1,038
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
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%

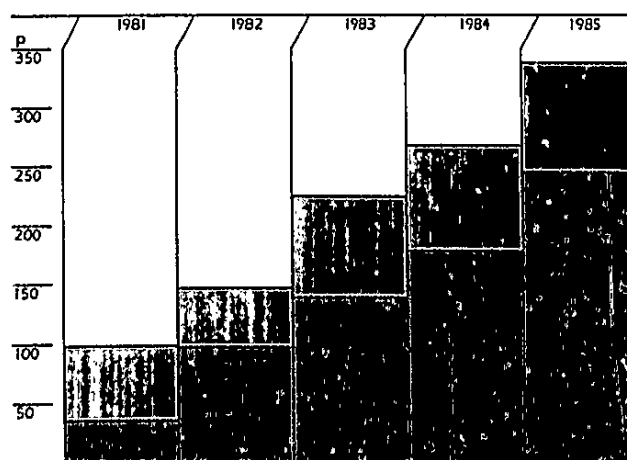
### Market Share

■ Share of national trade in food and drink shops based on DTI data  
 ■ Share as estimated by AGB from various surveys covering product groups accounting for about 75% of Sainsbury's sales.



### Share Price

□ Highest price during the year  
 ■ Lowest price during the year



**Report of the Directors**  
for the 52 weeks to 23rd March 1985

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 £168.5 million. After deducting £12.1 million for the profit sharing scheme, £49.0 million for taxation and £31.3 million for dividends paid and proposed, a balance of £77.0 million has been transferred to reserves.</p> <p>The Directors are proposing the payment of a final dividend of 3.1p per share on 19th July 1985 to shareholders on the Register at the close of business on 19th June 1985. Together with its associated tax credit, this dividend is equivalent to a dividend of 4.43p per share and makes a total dividend for the year of 6.43p 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. Sainsbury products to the value of £1.3 million (1984 £1.6 million) were exported through other companies.
Share Capital	At the Annual General Meeting held on 4th July 1984 shareholders approved a capitalisation of reserves on the basis of one new ordinary share of 25p credited as fully paid for each ordinary share held on 20th June 1984. The authorised share capital of the Company was increased from £100 million to £200 million.
Special Business at the Annual General Meeting	Under the Articles of Association adopted at the Extraordinary General Meeting held on 6th December 1982, authorities were given to Directors for a period of five years to allot unissued shares up to an aggregate nominal amount of £14.9 million (or such other maximum as may be laid down in General Meeting) and, until the next following General Meeting only and up to an aggregate nominal amount of £4,250,934 (or such other maximum amount as may be laid down by Special Resolution) to allot shares without first having to offer them to all existing shareholders under the statutory pre-emption provisions. At the forthcoming Annual General Meeting Resolutions will be proposed to obtain the latter authority again for a year and to adjust the limits of both authorities in line with the increase in authorised capital approved at the Annual General Meeting in July 1984. The new limits proposed are £25.8 million and £10 million, being respectively 12.9% and 5% of the authorised share capital. These powers are being renewed to restore the Company's freedom of action, and similar resolutions will be proposed in future years. The Directors have no plans at present to utilise them.
Employee Share Schemes	Following the approval of shareholders at an Extraordinary General Meeting on 10th December 1984 and subsequent approval by the Inland Revenue, the Company's profit sharing and savings-related share option schemes have been altered and a new executive share option scheme introduced. Details of options granted and shares allotted under the schemes during the year are shown on page 27.
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 historical cost accounts at their book value of £615.9 million have a substantially greater market value of £810 million. This figure has been included in the current cost accounts.
Fixed Assets	The movements of fixed assets are shown in Note 1 on page 23.
Research and Development	The Scientific Services Division employs 120 people who work in close association with suppliers to develop new products and maintain quality and hygiene standards.
Employment Policies	Information is given on page 12 regarding the Group's policy on the employment of disabled people and its policy and practice on providing information to employees.
Donations	Donations to charitable organisations amounted to £0.4 million (1984 £0.3 million), and to political parties nil.
Directors	The Directors are shown on page 3. With the exception of Mr. D. A. Quarmby and The Rt. Hon. James Prior, MP, all held office throughout the year. Mr. Quarmby joined the Company in October 1984 and was appointed an executive Director with effect from 1st November 1984. Mr. Prior was appointed a non-executive Director with effect from 1st January 1985. In accordance with the Articles of Association Resolutions will be submitted to the Annual General Meeting for their re-appointment. Sir James Spooner, as a non-executive Director, retires by rotation and offers himself for re-election. Directors holding executive office are not subject to this requirement. 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' and Other Interests	The number of ordinary shares, options over ordinary shares and units of loan stock held by the Directors and their families at 23rd March 1985 and other substantial interests notified to the Company are shown on page 33.
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 21st May 1985

*N. F. Matthews*

## Accounting Policies

Basis of Consolidation	The Group accounts 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 149(5) of the Companies Act 1948.
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. Differences on translation of investment in overseas companies and related loans are taken directly to reserves.
Associates	Associates are those shown on page 24. 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 1981.
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.

## Auditors' Report

To the Members of J Sainsbury plc

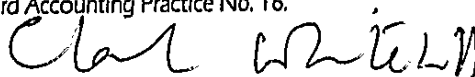
We have audited the Financial Statements on pages 19 to 32 in accordance with approved Auditing Standards.

In our opinion:

the Financial Statements on pages 19 to 30, which have been prepared under the historical cost convention as modified by the revaluation of certain properties, give under that convention a true and fair view of the state of affairs of the Company and the Group at 23rd March 1985 and of the profit and source and application of funds of the Group for the period then ended and comply with the Companies Acts 1948 to 1981; and

the current cost Financial Statements on pages 31 and 32 have been properly prepared in accordance with the policies and methods described in the notes on page 32 to give the information required by the Statement of Standard Accounting Practice No. 16.

Clark Whitehill  
Chartered Accountants  
London 21st May 1985



# **Historical Cost Balance Sheets** 23rd March 1985

	Note	Group		Company	
		1985 £m	1984 £m	1985 £m	1984 £m
<b>Fixed Assets</b>					
Tangible Assets	1	876.2	681.2	816.6	648.7
Investments	2	48.8	37.2	80.6	67.2
		<u>925.0</u>	<u>718.4</u>	<u>897.2</u>	<u>707.9</u>
<b>Current Assets</b>					
Stocks		177.3	149.9	164.3	141.8
Debtors	5	27.4	14.5	26.0	12.2
ACT Recoverable	8	6.5	5.7	6.5	5.7
Cash at Bank and in Hand		37.2	37.5	35.9	36.2
		<u>248.4</u>	<u>207.6</u>	<u>232.7</u>	<u>195.9</u>
<b>Creditors: due within one year</b>	6	<u>(578.4)</u>	<u>(419.8)</u>	<u>(562.4)</u>	<u>(412.1)</u>
<b>Net Current Liabilities</b>		<u>(330.0)</u>	<u>(212.2)</u>	<u>(329.7)</u>	<u>(216.5)</u>
<b>Total Assets Less Current Liabilities</b>		595.0	506.2	567.5	491.4
<b>Creditors: due after one year</b>	7	(13.4)	(9.3)	(6.2)	(6.1)
<b>Deferred Income</b>	9	(17.8)	(15.9)	(17.8)	(15.9)
<b>Minority Interest</b>		(7.5)	(7.4)	—	—
		<u>556.3</u>	<u>473.6</u>	<u>543.5</u>	<u>469.2</u>
<b>Capital and Reserves</b>					
Called up Share Capital	10	174.2	86.3	174.2	86.3
Share Premium Account	11	5.6	8.2	5.6	8.2
Revaluation Reserve	12	34.0	36.8	34.0	36.8
Profit and Loss Account	13	342.5	342.3	329.7	337.9
		<u>556.3</u>	<u>473.6</u>	<u>543.5</u>	<u>469.2</u>

Notes on the historical cost accounts are on pages 23 to 30

The Financial Statements on pages 19 to 32 were approved by the Board of Directors on 21st May 1985, and are signed on its behalf by

John Sainsbury Chairman  
E. R. Griffiths Deputy Chairman

*John Sainsbury*  
*E. R. Griffiths*

**Group Historical Cost Profit and Loss Account**  
for the 52 weeks to 23rd March 1985

	Note	1985 £m	1984 £m
<b>Group Sales (including VAT)</b>		3,135.3	2,688.5
<b>VAT</b>		136.6	113.7
<b>Group Sales (excluding VAT)</b>		2,998.7	2,574.8
<b>Cost of Sales</b>		2,784.5	2,390.2
<b>Gross Profit</b>		214.2	184.6
<b>Administrative Expenses</b>		62.4	56.1
<b>Other Operating Income</b>	14	2.6	2.7
<b>Net Interest Receivable</b>	15	4.4	2.5
<b>Retail Profit</b> – net margin on VAT inclusive sales 5.06% (4.97%)	16	158.8	133.7
<b>Associates – share of profit</b>	4	9.7	6.0
<b>Profit before Tax and Profit Sharing</b>	17	168.5	139.7
<b>Profit Sharing</b>	17	12.1	9.7
<b>Profit on Ordinary Activities before Tax</b>		156.4	130.0
<b>Tax on Profit on Ordinary Activities</b>	20	48.0	41.0
<b>Profit on Ordinary Activities after Tax</b>		108.4	89.0
<b>Minority Interest</b>		0.1	0.4
<b>Profit for Financial Year</b>		108.3	88.6
<b>Dividends</b>	21	31.3	25.9
<b>Profit Retained</b>	13	77.0	62.7
<b>Earnings per Share</b> – actual		15.61p	12.89p
– fully taxed basis at 35%		14.64p	12.26p

**Group Statement of Source and Application of Funds**  
for the 52 weeks to 23rd March 1985

	1985 £m	1984 £m
<b>Source of Funds</b>		
Profit on ordinary activities before tax	156.4	130.0
Adjustments for items not involving movement of funds		
Depreciation	32.4	29.2
Share of profits before tax of Associates	(9.7)	(6.0)
<b>Total Generated from Operations</b>	<u>179.1</u>	<u>153.2</u>
<b>Funds from Other Sources</b>		
Share capital	7.3	5.1
Minority interest capital contribution	4.2	5.7
Disposal of tangible fixed assets	17.9	33.4
Deferred income	1.9	4.3
	<u>210.4</u>	<u>201.7</u>
<b>Application of Funds</b>		
Capital expenditure	245.3	177.9
Dividends paid	27.3	21.8
Tax paid	42.1	38.2
Net investment in Associates	6.9	13.4
Redemption of debentures	0.1	—
	<u>321.7</u>	<u>251.3</u>
<b>Reduction in Working Capital</b>		
Increase in net creditors	44.0	40.3
Deduct increase in stocks	27.4	8.4
	<u>16.6</u>	<u>31.9</u>
<b>Decrease In Net Liquid Funds (including bills payable)</b>	<u>94.7</u>	<u>17.7</u>

# Notes on the Historical Cost Accounts at 23rd March 1985

## 1 Tangible Fixed Assets

	Properties	Group Fixtures, Equipment & Vehicles	Total	Properties	Company Fixtures, Equipment & Vehicles	Total
	£m	£m	£m	£m	£m	£m
Cost or Valuation						
At 24th March 1984	489.1	283.8	772.9	457.1	274.1	731.2
Additions	152.4	92.9	245.3	137.4	84.1	221.5
Disposals	14.8	11.5	26.3	12.0	10.7	22.7
At 23rd March 1985	626.7	365.2	991.9	582.5	347.5	930.0
Depreciation						
At 24th March 1984	7.8	83.9	91.7	7.6	82.9	90.5
Provided in the year	3.8	28.6	32.4	3.7	27.3	31.0
Disposals	0.8	7.6	8.4	0.7	7.4	8.1
At 23rd March 1985	10.8	104.9	115.7	10.6	102.8	113.4
Net Book Value						
At 23rd March 1985	615.9	260.3	876.2	571.9	244.7	816.6
At 24th March 1984	481.3	199.9	681.2	449.5	191.2	640.7
Capital Work-in-Progress included above						
At 23rd March 1985	44.7	24.5	69.2	41.1	24.5	65.6
At 24th March 1984	41.0	12.6	53.6	37.4	12.4	49.8

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 23rd March 1985 amounted to £4.9 million after deducting tax relief of £4.0 million. The interest capitalised during the previous year was £1.3 million.

	At Cost	Group At 1973 Valuation	Total	At Cost	Company At 1973 Valuation	Total
	£m	£m	£m	£m	£m	£m
Analysis of Properties						
At 23rd March 1985						
Freehold	362.5	32.8	395.3	325.8	32.8	358.6
Long Leasehold	201.1	13.8	214.9	196.2	13.8	210.0
Short Leasehold	14.4	2.1	16.5	11.8	2.1	13.9
	578.0	48.7	626.7	533.8	48.7	582.5

If the above properties included at 1973 valuation of £48.7 million had been included at original cost, the cost and depreciation figures at 23rd March 1985 would have been Freehold £8.8 million, Long Leasehold £5.3 million and Short Leasehold £0.6 million with cumulative depreciation of £0.1 million, £0.8 million and £0.4 million respectively (compared to £0.6 million, £2.3 million and £1.8 million depreciation on revalued cost).

## 2 Investments

	Group		Company	
	1985	1984	1985	1984
	£m	£m	£m	£m
Subsidiaries (Note 3)	—	—	57.5	47.6
Associates (Note 4)	48.8	37.2	23.1	19.6
	48.8	37.2	80.6	67.2



### 3 Investment In Subsidiaries

	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%
J. Sainsbury Trustees Limited	Limited by guarantee
J Sainsbury Trustees (No. 2) Limited	100%
The Sainsbury Charitable Fund Limited	Limited by guarantee

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.

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	
Balance 23rd March 1985 and 24th March 1984	25.2
Long Term Capital Advances	
Balance 24th March 1984	22.4
Increase	9.9
Balance 23rd March 1985	32.3
Total Investments 23rd March 1985	57.5
24th March 1984	47.6

#### Sainsbury Directors of Subsidiaries

J Sainsbury (Farms) Limited:— 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, C. W. Burdsey, N. A. Franks, R. Linfield, S. W. Marsh

The Cheyne Investments Limited, The Cheyne Investments Inc.:— D. J. Sainsbury (Chairman), P. J. Davis

J. Sainsbury Trustees Limited, J Sainsbury Trustees (No. 2) Limited:— E. R. Griffiths (Chairman), R. A. Clark, E. A. O. Davidson, D. A. Males, F. E. Netscher, D. J. Sainsbury

The Sainsbury Charitable Fund Limited:— Sir John Sainsbury (Chairman), P. J. Davis, C. J. Leaver

The Directors of other Subsidiaries are shown on page 10

### 4 Investment In Associates

	Share of Allotted Capital	Share of Profit Before Tax	
		1985 £m	1984 £m
SavaCentre Limited	50%	4.8	4.4
16,180,050 "B" Ordinary Shares of £1 each			
Haverhill Meat Products Limited	50%	—	0.9
500,000 "B" Ordinary Shares of £1 each			
Breckland Farms Limited	50%	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%	0.7	0.2
28,760 Ordinary Shares of 1p each			
Shaw's Supermarkets Inc.	21.27%	3.9	0.5
428,412 Common Capital Stock of \$1 each			
		9.7	6.0

## Investment in Associates – continued

	Group £m	Company £m
<b>Investments</b>		
Balance 24th March 1984	25.0	17.3
Currency movements	1.8	—
Addition (net of goodwill)	0.1	—
Balance 23rd March 1985	26.9	17.3
<b>Share of Post Acquisition Reserves</b>		
Balance 24th March 1984	9.9	—
Share of retained profits for the year	6.2	—
Balance 23rd March 1985	16.1	—
<b>Long Term Capital Advances</b>		
Balance 24th March 1984	2.3	2.3
Increase	3.5	3.5
Balance 23rd March 1985	5.8	5.8
<b>Total Investment 23rd March 1985</b>	48.8	23.1
24th March 1984	37.2	19.6

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 share of the results of Shaw's Supermarkets for 1984 relates to the period of two months from the date of acquisition.

The reserves shown above are after deducting dividends received by The Cheyne Investments Inc. of £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.

### Sainsbury Directors of Associates

Breckland Farms Limited:— J. R. Hill, M. S. Hughes, F. E. Netscher

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

The Sainsbury Directors of other Associates are shown on page 10

## 5 Debtors

	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Trade	1.4	1.3	1.3	1.1
Amounts owed by Associates	3.0	1.1	3.0	1.1
Other Debtors	17.8	8.0	16.6	6.2
Prepayments	5.2	4.1	5.1	3.8
	27.4	14.5	26.0	12.2

## 6 Creditors: due within one year

	Group		Company	
	1985	1984	1985	1984
	£m	£m	£m	£m
Bank Overdrafts	108.6	9.4	99.3	2.0
Unpresented Cheques	61.0	51.1	60.4	48.0
Bills Payable	—	14.7	—	14.7
Trade Creditors	237.5	203.3	231.1	201.2
Amounts owed to Subsidiaries	—	—	7.1	8.5
Corporation Tax	40.3	37.0	40.3	37.0
Social Security Costs and Other Taxes	5.7	6.5	5.3	6.3
Other Creditors	96.4	75.8	92.3	74.1
Accruals	7.3	4.4	5.0	3.0
Proposed Dividend (Note 21)	21.6	17.5	21.6	17.6
	<u>578.4</u>	<u>419.8</u>	<u>562.4</u>	<u>412.4</u>

## 7 Creditors: due after one year

	Group		Company	
	1985	1984	1985	1984
	£m	£m	£m	£m
6½% First Mortgage Debenture Stock 1988/93	1.7	1.7	1.7	1.7
7¼% First Mortgage Debenture Stock 1987/92	0.5	0.6	0.5	0.6
8% Irredeemable Unsecured Loan Stock	2.9	2.9	2.9	2.9
Mortgage Loan	1.1	1.1	1.1	1.1
Loan to Homebase Limited from minority shareholder	7.2	3.0	—	—
	<u>13.4</u>	<u>9.3</u>	<u>6.2</u>	<u>6.3</u>

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

- (a) By redemption at par within five years of the terminal date.
- (b) 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 23rd March 1985 have been met in this way.

The nominal value of debenture stock redeemed between 24th March 1985 and 21st May 1985 amounted to £69,500.

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

The mortgage loan is interest free and is repayable on 1st October 1986.

The loan to Homebase Limited is an unsecured loan repayable in 1988 and bears interest at 1% above base rate.

## 8 ACT Recoverable and Deferred Tax

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

	Group		Company	
	1985	1984	1985	1984
	Total £m	Provision £m	Total £m	Provision £m
Timing differences between depreciation and capital allowances (Company £84.7 million)	89.4	—	72.5	—
Other timing differences including payments for consortium group relief under indemnities	3.9	2.8	2.5	1.8
Potential capital gains on disposal of properties at net book value including net gains already deferred after taking account of indexation	11.4	—	21.2	—
	<u>104.7</u>	<u>2.8</u>	<u>96.2</u>	<u>1.8</u>
Less: Advance Corporation Tax Recoverable		9.3		7.5
		<u>6.5</u>		<u>5.7</u>

## 9 Deferred Income

	Group	
	1985	1984
	£m	£m
Balance 24th March 1984	15.9	11.6
Surpluses arising in the year	5.3	10.7
Released to Profit and Loss Account (Note 14)	(3.4)	(6.4)
Balance 23rd March 1985	17.8	15.9

## 10 Called Up Share Capital

	1985
	£m
Ordinary Shares of 25p each	
Authorised – 800,000,000 shares	200
Allotted at 24th March 1984 – 345,253,644 shares fully paid	86.3
Shares allotted – Savings-Related Share Option Schemes	0.5
– Executive Share Option Schemes	0.6
– Profit Sharing Scheme	0.4
– Capitalisation Issue (Note 10c)	86.4
Allotted at 23rd March 1985 – 696,722,258 shares fully paid	174.2

a) Savings-Related Share Option Schemes – Under the Company's Savings-Related Share Option Schemes certain employees hold options to purchase ordinary shares in the Company. The options are normally exercisable between five and six years from the date when they are taken out. In certain circumstances however, options can be exercised earlier. Details of these options at 23rd March 1985 were as follows:

Options granted	Price	Options exercised in the year		Options outstanding at the end of the year	
		Number of options	Shares allotted	Number of options	Shares under option
3rd November 1978	26¼p	139	200,860	—	—
2nd November 1979	36p	578	1,611,371	415	1,167,328
18th February 1981	82¼p	21	27,981	2,189	4,629,572
30th October 1981	95¾p	6	3,006	1,009	1,397,266
29th October 1982	187p	10	1,749	2,258	1,801,582
28th October 1983	193½p	2	258	1,542	1,012,746
9th November 1984	256p	—	—	4,287	3,360,284
			1,845,225		13,368,778

b) Executive Share Option Schemes – Details of options at 23rd March 1985 were as follows:

Options granted	Price	Options exercised in the year		Options outstanding at the end of the year	
		Number of options	Shares allotted	Number of options	Shares under option
14th September 1979	38¾p	1	8,356	1	7,744
29th January 1980	38¾p	—	—	2	36,128
12th September 1980	63¾p	18	270,480	10	127,104
11th September 1981	113¾p	167	2,165,920	73	697,904
13th January 1983	195p	8	70,787	81	2,574,576
18th March 1983	195p	—	—	1	3,612
18th July 1983	184p	—	—	10	57,230
16th January 1984	238p	5	36,401	322	2,059,676
28th January 1985	316p	—	—	355	1,919,011
			2,551,944		7,482,985

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

## Called Up Share Capital – continued

c) Capitalisation Issue—On 4th July 1984 the authorised capital of the Company was increased from £100,000,000 to £200,000,000 by the creation of 400,000,000 additional ordinary shares of 25p. Amounts of £8,439,861 standing to the credit of Share Premium Account and £77,967,640 standing to the credit of the Profit and Loss Account were capitalised, and applied in issuing 345,630,002 shares of 25p to existing holders in the proportion of one new ordinary share for every one ordinary share registered on 20th June 1984.

### 11 Share Premium Account

	Company £m
Balance 24th March 1984	8.2
Premiums arising on shares allotted during the year	5.8
Capitalisation Issue (Note 10c)	(8.4)
	<hr/>
Balance 23rd March 1985	5.6

### 12 Revaluation Reserve

	Group and Company £m
Balance 24th March 1984	36.8
Transfer to Profit and Loss Account in respect of property disposals during the year (Note 13)	(2.8)
	<hr/>
Balance 23rd March 1985	34.0

### 13 Profit and Loss Account

	Group £m	Subsidiaries £m	Associates £m	Company £m
Balance 24th March 1984	342.3	(5.5)	9.9	337.9
Profit retained for the year	77.0	0.5	6.2	70.3
Capitalisation Issue (Note 10c)	(78.0)	—	—	(78.0)
Transfer from Revaluation Reserve (Note 12)	2.8	—	—	2.8
Currency movements on investment in Shaw's	(1.5)	1.8	—	(3.3)
Goodwill written off	(0.1)	(0.1)	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
	342.5	(3.3)	16.1	329.7

The profit for the financial year dealt with in the accounts of J Sainsbury plc amounted to £101.6 million (1984 £85.8 million)

### 14 Other Operating Income

	Group	
	1985 £m	1984 £m
Share of surplus on sale and leaseback of properties	3.4	6.4
Profit on disposal of other fixed assets	1.7	1.0
Exceptional backlog depreciation in respect of certain landlords' fittings	(2.5)	(4.7)
	<hr/>	<hr/>
	2.6	2.7

### 15 Net Interest Receivable (Payable)

	1985 £m	1984 £m
Interest receivable	13.3	5.5
Interest payable:		
On loans not wholly repayable within five years		
Debenture Interest	(0.2)	(0.2)
Loan Stock Interest	(0.2)	(0.2)
Bank and Other Interest on loans wholly repayable within five years	(17.4)	(5.2)
Interest Capitalised	8.9	2.6
	<hr/>	<hr/>
	(8.9)	(3.0)
	<hr/>	<hr/>
	4.4	2.5

## 16 Retail Profit

	Group	
	1985 £m	1984 £m
The Retail Profit has been arrived at after charging:		
Depreciation	32.4	29.2
Pension Scheme Contributions	14.0	12.2
Directors' Emoluments (Fees nil – Note 19)	1.1	0.9
Auditors' Remuneration (Company £105,000)	0.1	0.1
Pensions to former Directors	0.1	0.1

## 17 Profit Sharing

This represents the amounts due to employees under their 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 precise details of the Companies Act 1981.

In 1984 an exceptional payment was provided to reflect the excess retail margin over the ceiling in the profit sharing scheme. Amendments to the scheme were ratified by shareholders in December. The comparative figures have been restated from £8.1m to £9.7m to show the combined amount, and the retail profit and margin have been adjusted accordingly.

## 18 Employees

	1985 £m	1984 £m
Employees' remuneration and related costs during the year amounted to:		
Wages and Salaries	248.7	214.0
Social security costs	18.2	16.8
Other pension costs	14.0	12.2
	<hr/> 280.9	<hr/> 243.0
Employees' profit sharing scheme	12.1	9.7
	<hr/> 293.0	<hr/> 252.7

	1985	1984
The weekly average number of employees during the year was:		
Full-time	24,548	22,910
Part-time	37,710	33,726

	1985	1984
The number of employees whose total remuneration exceeded £30,000 was as follows:		
£30,001–£35,000	10	11
£35,001–£40,000	13	5
£40,001–£45,000	2	1
£45,001–£50,000	1	—

## 19 Directors' Remuneration

	1985	1984
Chairman	£ 95,000	£90,500
Highest paid Director	£103,000	—
Remuneration of all Directors fell within the following ranges:		
	1985	1984
£ 0–£ 5,000	1	1
£ 5,001–£10,000	1	2
£10,001–£15,000	1	—
£20,001–£25,000	1	—
£50,001–£55,000	—	1
£55,001–£60,000	—	4
£60,001–£65,000	1	1
£65,001–£ 70,000	4	4
£70,001–£ 75,000	1	—
£75,001–£ 80,000	1	—
£80,001–£ 85,000	3	—
£85,001–£ 90,000	—	1
£90,001–£ 95,000	1	1
£100,001–£105,000	1	—

## 20 Tax on Profit on Ordinary Activities

	Group	
	1985 £m	1984 £m
The tax charge for the year is:		
Corporation tax	43.6	37.3
Deferred tax	1.0	0.9
Share of Associates' tax	3.4	3.7
Release of tax indemnities arising from disposal of Associate	—	(0.9)
	<u>48.0</u>	<u>41.0</u>

The corporation tax charge above of £43.6 million is at the rate of 45% (1984 50%) and calculated after taking the benefit of allowances totalling £84.5 million. After deducting tax relief of £4.0 million on interest capitalised the net amount £39.6 million in January 1986.

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

## 21 Dividends

	Company	
	1985 £m	1984 £m
Interim	9.7	8.3
Proposed final	21.6	17.6
	<u>31.3</u>	<u>25.9</u>

The interim dividend of 1.4p per share, paid on 18th January, 1985 together with the related tax credit is equal to 2.0p and the final of 3.1p per share together with the related tax credit is equal to 4.43p.

## 22 Future Capital Expenditure

	Group	
	1985 £m	1984 £m
Contracted for but not provided for in the accounts	89.1	70.1
Authorised but not contracted for to date by Board of Directors	164.0	170.3

## 23 Contingent Liabilities and Financial Commitments

The Group has guaranteed facilities for Associates to the extent of £5.7 million (1984 £5.3 million) at the date of approval of these accounts. Other contingent liabilities amounted to £0.2 million (1984 £0.2 million) at that date. In addition the Company has guaranteed a bank overdraft to the extent of £7.5 million.

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 their 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 recommended by the Rules of the Scheme.

The Scheme has been valued during the last three years by the Scheme's Independent Actuaries; they have confirmed that on the valuation basis adopted for this purpose, the Scheme is in balance, after taking credit for future contributions.

## Group Current Cost Balance Sheet

23rd March 1985

	Note	1985 £m	1984 £m
<b>Fixed Assets</b>			
Tangible Assets	4	1,102.6	889.0
Investment in Associates		69.3	54.2
		<u>1,171.9</u>	<u>943.2</u>
<b>Current Assets</b>		249.1	207.8
Creditors: (including minority interest)		(599.7)	(436.6)
<b>Net Assets</b>		<u>821.3</u>	<u>714.4</u>
<b>Capital and Reserves</b>			
Called up Share Capital		174.2	86.3
Share Premium Account		5.6	8.2
Revaluation Reserve		34.0	36.8
Profit and Loss Account	2	275.6	283.7
Current Cost Reserve	3	331.9	299.4
		<u>821.3</u>	<u>714.4</u>

## Group Current Cost Profit and Loss Account

for the 52 weeks to 23rd March 1985

	Note	1985 £m	1984 £m
Historical Cost Profit before Tax and Profit Sharing		168.5	139.7
Current Cost Adjustments	5	8.3	12.7
		<u>160.2</u>	<u>127.0</u>
Current Cost Profit before Tax and Profit Sharing		12.1	9.7
Current Cost Profit on Ordinary Activities before Tax		148.1	117.3
Tax on Profit on Ordinary Activities		48.0	41.0
		<u>100.1</u>	<u>76.3</u>
Current Cost Profit on Ordinary Activities after Tax		0.1	0.4
Minority Interest			
		<u>100.0</u>	<u>75.9</u>
Current Cost Profit for Financial Year		31.3	25.9
Dividends			
		<u>68.7</u>	<u>50.0</u>
Current Cost Profit Retained	2		
Current Cost Earnings per Share – actual basis		14.43p	11.03p
Current Cost Dividend Cover – maximum distribution basis		2.95	2.73
Current Cost Return on Capital Employed		18.53%	16.61%

Notes on the current cost accounts are on page 32



## Notes on the Current Cost Accounts

### 1 General Notes

- a) The current cost accounts have been prepared in accordance with the principles set out in Statement of Standard Accounting Practice No. 16 and the related Guidance Notes issued by the Accounting Standards Committee. The current cost adjustments have been based on price indices maintained by the Group relative to its own trade. The averaging method has been used.
- b) The Accounting Policies of the Group used in preparation of the historical cost accounts have been adopted in the current cost accounts.

### 2 Profit and Loss Account

	1985 £m
Balance 24th March 1984	223.7
Current Cost Profit Retained	62.7
Capitalisation Issue	125.0
Transfer from Revaluation Reserve	2.8
Current movement on investment in Shaw's	11.5
Goodwill written off	10.1
Balance 23rd March 1985	275.6

### 3 Current Cost Reserve

	299.4
Balance 24th March 1984	
Revaluation Surpluses reflecting price changes:	
Properties	15.2
Fixtures, Equipment and Vehicles	5.5
Trading Stocks	0.4
Associates	3.4
Minority Interest	(0.3)
	24.2
Current Cost Adjustments	10.7
Gearing Adjustment	(2.4)
Balance 23rd March 1985	331.9

- a) The Current Cost Reserve represents the amount set aside by the Group to maintain the operating capability of the business to the extent that this has not already been allowed for in the historical cost accounts.
- b) The realised element of the Current Cost Reserve amounts to £84.7 million (1984 £14.5 million), including £17.8 million of deferred income (1984 £15.9 million), being the current cost adjustments which have been passed through the Current Cost Profit and Loss Account.

### 4 Tangible Assets

- a) An internal valuation of the Group's freehold and long leasehold property portfolio was carried out by the Group's own qualified staff as at 23rd March 1985 and has been incorporated into the current cost accounts and the surplus included in the Current Cost Reserve.

- b) Official price indices published by the Central Statistical Office have been applied to fixtures, equipment and vehicles averaging 5.4%.

	Cost £m	Depreciation £m	Net £m
Properties	227.1	17.2	809.9
Fixtures, Equipment and Vehicles	454.1	201.3	282.7
	1,227.1	218.5	1,102.6

### 5 Current Cost Adjustments

	Note	1985 £m	1984 £m
a) Depreciation	(ii)	9.0	8.6
Deferred income	(iii)	1.0	1.0
Cost of Sales	(iv)	10.2	7.6
Monetary Working Capital	(vi)	(10.2)	(1.0)
		10.0	15.0
b) Associates		0.7	0.8
		10.7	15.8
c) Gearing Adjustment	(v)	(2.4)	(2.0)
Total Adjustments to Historical Cost Profit		8.3	12.7

- (i) Depreciation adjustment is the difference between the depreciation calculated on the replacement cost of fixed assets at the balance sheet date and that charged in the historical cost accounts.
- (ii) Deferred income is the difference between the proceeds of and the estimated current cost valuation of sold and leased back properties.
- (iii) Cost of Sales is the difference between the actual and the estimated replacement cost of products at the time of sale.
- (iv) Monetary Working Capital represents the effect of price changes on Creditors less Debtors. It has been restricted to the Cost of Sales adjustment and the excess net credit has been included in net borrowings in calculating the Gearing Adjustment.
- (v) The Gearing Adjustment measures the benefit which arises because the current cost operating adjustments are financed out of net borrowings rather than shareholders' funds. Interest payable on net borrowings amounted to £4.5 million.

### 6 Net Operating Assets

The net operating assets of £1,171.9 million (1984 £943.2 million) were provided by a total shareholders' interest of £850.8 million (1984 £644.0 million) and net borrowings of £321.1 million (1984 £300.0 million).

## Directors' and Other Interests

	Beneficial		Ordinary Shares Non-Beneficial		Options	
	1985*	1984	1985*	1984	1985*	1984
Sir John Sainsbury	52,481,746	26,243,007	18,473,950	9,313,475	113,006	86,395
E. R. Griffiths	99,700	42,810	—	—	143,112	85,165
P. J. Davis	24,888	11,663	—	—	110,704	69,028
D. J. Sainsbury	173,273,708	88,333,944	272,528	136,264	105,220	52,610
G. C. Hoyer Millar	235,450	101,586	—	—	111,954	67,601
J. H. G. Barnes	84,522	30,885	—	—	110,767	65,442
L. S. Payne	7,544	29,247	—	—	118,841	69,593
C. Roberts	58,442	28,524	—	—	91,511	61,400
R. A. Ingham	69,107	25,665	—	—	96,250	63,007
R. T. Vyner	41,767	7,372	—	—	102,902	62,822
R. A. Clark	73,099	36,391	—	—	90,429	53,600
D. E. Henson	18,516	1,148	—	—	128,246	62,040
Sir James Spooner	2,400	1,000	—	—	—	—
Mrs. J. Jenkins	400	—	—	—	—	—
D. A. Quarmby	975	—	—	—	15,822	—
The Rt. Hon. James Prior, MP	—	—	—	—	—	—

\*after capitalisation issue in July 1984

Note: Beneficial holdings include the Directors' 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 relate to charitable trusts of which the Director is a trustee.

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 W. Picton Turbervill, partners of Herbert Oppenheimer, Nathan & Vandyk, are trustees of various settlements, including charitable settlements. At 21st April 1985 the total holdings of the trusts of which the above are trustees amounted to 11%, 10%, 10% and 8% respectively. As trustees and beneficially, S. D. Sainsbury, T. A. D. Sainsbury and Lady (Robert) Sainsbury hold 12%, 9% and 5% respectively. All these holdings include duplications.

Directors' interests in Loan Stock are: Sir John Sainsbury, beneficial 50 (1984 50), non-beneficial 455,000 (1984 455,000); D. J. Sainsbury, non-beneficial 2,095 (1984 2,095).

Between 23rd March 1985 and 21st April 1985 there were no changes in the Directors' interests.

## Shareholders' Interests

23rd March 1985

Number of Shareholders 34,900 (1984 30,212)

Shareholdings Range

	Shareholders %		Shares %	
	1985	1984	1985	1984
100 and under	2.97	5.12	0.01	0.03
101 to 250	5.95	12.72	0.06	0.22
251 to 500	14.22	36.39	0.29	1.28
501 to 1,000	34.91	21.22	1.41	1.41
1,001 to 10,000	38.29	22.26	5.33	4.92
10,001 to 100,000	2.78	1.52	3.83	3.93
100,001 to 1,000,000	0.64	0.61	11.58	17.15
over 1,000,000	0.24	0.16	77.49	71.06
	100.00	100.00	100.00	100.00

Category of Shareholders

	Shareholders %		Shares %	
	1985	1984	1985	1984
Pension Funds	0.25	0.27	8.38	8.39
Insurance Companies	0.51	0.49	6.19	5.82
Investment Trusts	0.11	0.11	0.21	0.19
Banks and Nominee Companies	5.46	5.17	15.29	15.10
Other Corporate Bodies	1.05	1.14	4.24	4.31
Other Shareholders	92.62	92.82	65.69	66.19
	100.00	100.00	100.00	100.00

At the year end the Trustees of the profit sharing scheme held 6,297,430\* shares (1984 2,588,891) on behalf of 13,519 participants (1984 10,944) in the scheme. These are included in "Other Shareholders" above.

\*after capitalisation issue in July 1984

## Notice of Annual General Meeting

Notice is hereby given that the sixty-third Annual General Meeting of J Sainsbury plc will be held at the Plaisterers Hall, 1 London Wall, London EC2 on Wednesday, 3rd July 1985 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 23rd March 1985 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint Mr. D. A. Quarmby a Director.
- 4 To re-appoint The Rt. Hon. James Prior, MP, a Director.
- 5 To re-appoint Sir James Spooner 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, of which Resolution 7 will be proposed as an Ordinary Resolution and Resolution 8 as a Special Resolution:

- 7 That the maximum amount referred to in paragraph (A) of Article 9 of the Articles of Association of the Company (being the aggregate nominal amount of relevant securities which the Directors are authorised to allot) be increased from £14,900,000 to £25,800,000.
- 8 That:
  - (a) subject to the variation contained in paragraph (b) of this Resolution, the power conferred on the Directors by paragraph (C) of Article 9 of the Articles of Association of the Company (being the power to allot equity securities pursuant to the authority contained in paragraph (A) of Article 9 as if the statutory pre-emption rights did not apply to such allotment) be renewed until the conclusion of the next Annual General Meeting; and
  - (b) the maximum amount referred to in sub-paragraph (iii) of paragraph (C) of Article 9 of the Articles of Association of the Company (being the aggregate nominal amount of equity securities which may be so allotted otherwise than in connection with a rights issue or an option, incentive or profit sharing scheme) be increased from £4,250,934 to £10,000,000.

By Order of the Board  
N. F. Matthews Secretary 21st May 1985

### 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 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 29 of the Companies Act 1967.
  - (ii) Copies of all service contracts for periods in excess of one year between the Directors and the Company.

### Financial Calendar

#### 1 Dividend and Interest Payments

Ordinary Dividend:	Interim announced:	November	paid: January
	Final proposed:	May	paid: July
6½% First Mortgage Debenture Stock 1988/93		31st May	30th November
7¼% First Mortgage Debenture Stock 1987/92		7th March	7th September
8% Irredeemable Unsecured Loan Stock		1st March	1st September

#### 2 Other dates—Financial Year 1985/86

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

**J SAINSBURY plc**

Proxy for use at Annual General Meeting 1985

BLOCK LETTERS

I \_\_\_\_\_  
of \_\_\_\_\_  
being a member of J SAINSBURY plc hereby appoint Sir John Sainsbury or failing him  
Mr. E.R. 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, 3rd July 1985, 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, 37 Broad Street, 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 names(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 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 \_\_\_\_\_ 1985

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**National Westminster Bank PLC**  
**Registrar's Department**  
**P.O. Box 82**  
**37 Broad Street**  
**BRISTOL BS99 7YA**

2

FIRST FOLD

THIRD FOLD AND TUCK IN

SECOND FOLD