

SAINSBURY'S

annual report and accounts 1981

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Sainsbury's Annual Report and Accounts 1981

Contents

Summary of Results	2
Retail Statistics	2
Groce Openings	3
Chairman's Statement	4
Subsidiary and Associate Companies	8
Employee Review	10
Report of the Directors	12
Accounting Policies	13
Balance Sheets	14
Profit and Loss Account	15
Statement of Source and Application of Funds	16
Notes on the Accounts	17
Auditors' Report	23
Current Cost Accounts	24
Directors' and Other Interests	26
Shareholders' Interests	27
Financial Calendar	27
Notice of AGM	28

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

T. A. D. Sainsbury *Non-Executive*
D. J. Sainsbury *Finance*
G. C. Hoyer Miller *Property and Development*
J. H. G. Barnes *Retail Operations*
L. S. Payne *Distribution, Systems*
C. Roberts *Meat, Pork Products, Bakery Buying*
R. A. Ingham *Dairy, Produce, Off Licence Buying*
H. T. Vyner *Grocery Buying*
R. A. Clark *Personnel, Data Processing*
D. E. Henson *Financial Controller*
Sir James Spooner *Non-Executive*

Departmental Directors

F. R. Bumstead *Grocery Buying*
C. W. Burdsey *Property*
H. Galazka *Pork and Pork Products Buying*
J. Gallacher *Produce and Frozen Foods Buying*
J. G. Grindle *Retail Operations*
M. S. Hughes *Meat Buying*
R. Linfield *Architects and Engineering*
D. A. Males *Retail Operations*
A. R. Mathias *Distribution*
G. A. G. Nichols *Grocery Administration*
Dr. R. Spencer *Director of Scientific Services*
K. Worrell *Frozen Foods and Dairy Buying*

E. A. Q. Davidson *Treasurer*
N. F. Matthews *Company Secretary*
F. E. Netscher *Chief Accountant*

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

Registrars

National Westminster Bank Ltd
Registrar's Department
P.O. Box No. 82
37 Broad Street
Bristol BS99 7NH

The photographs on both the front and back inside covers are of the new Chelsea branch.

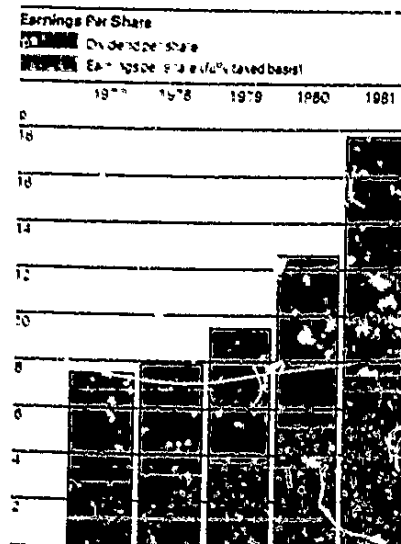
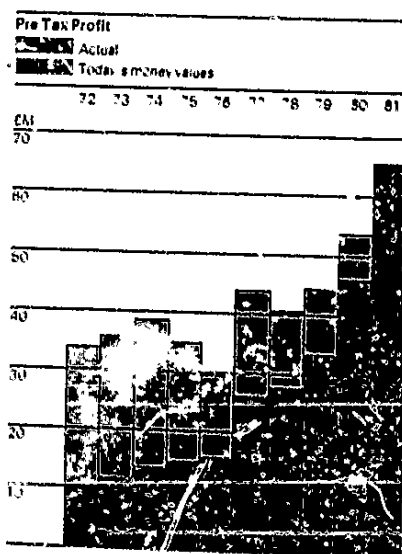
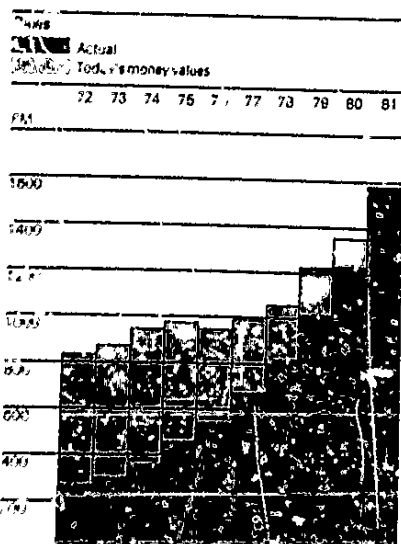
Summary of Results/Highlights

Results

0000	1977	1978	1979	1980	1981	1982
Retail sales	262,080	298,862	362,137	452,804	543,443	693,776
% increase on previous year	18.4%	13.3%	22.0%	25.0%	20.0%	22.1%
Retail profit	9,881	11,485	13,542	14,337	15,372	25,303
% net margin	3.76%	3.85%	3.74%	3.17%	2.83%	3.61%
Associates — share of profit/(loss)	174	(77)	82	292	45	879
Profit before tax and profit sharing	10,035	11,388	13,624	14,629	15,417	26,182
% increase on previous year	47.0%	13.5%	19.6%	7.4%	5.4%	69.8%
Profit sharing	—	—	—	—	—	—
Tax	4,064	4,510	7,280	7,765	8,018	5,981
Profit after tax and profit sharing	5,941	6,878	6,344	6,863	7,399	20,201
Extraordinary items	(992)	(1004)	—	—	717	969
Earnings per share†	3.88p	4.28p	3.93p	4.21p	4.46p	7.54p
Dividend per share†(since flotation)	—	—	2.00p	2.21p	2.45p	12.18p
						2.72p

Retail Statistics

Number of outlets at financial year end						
Supermarkets (above 4,000 sq. ft. sales area)	125	138	154	163	175	181
Other grocery outlets	76	56	44	35	27	24
Independent freezer centres	—	—	—	8	13	13
Total outlets	201	194	198	206	215	218
Retail Sales Area						
Total at financial year end (000 sq. ft.)	1,262	1,452	1,711	1,936	2,240	2,391
New selling area (000 sq. ft.)	200	221	279	253	362	184
Net increase during year %	13.5%	15.0%	17.5%	13.2%	15.7%	6.7%
Number of new supermarket openings	14	13	16	11	17	10
Average size of new supermarkets (sq. ft.)	12,490	14,950	16,280	17,700	19,460	18,970
Average size of all supermarkets (sq. ft.)	8,930	9,690	10,500	11,260	12,210	12,890
Average supermarket sales						
per supermarket (£ per week)	36,000	38,500	43,700	51,400	58,800	68,100
per sq. ft. (£ per week)	4.18	4.13	4.33	4.72	4.97	5.47
Share of national trade in Food Shops based on A.C. Nielsen and DOI data	4.0%	4.2%	4.5%	4.7%	4.7%	4.9%



	1978	1979	1980	1981
1977				
776	811,107	1,007,070	1,226,595	1,589,198
1%	22.2%	24.2%	21.8%	29.6%
303	27,139	31,838	45,385	64,393
1%	3.35%	3.16%	3.70%	4.05%
879	443	818	645	1,388
182	27,582	32,058	46,030	65,761
6%	5.0%	18.4%	41.0%	42.9%
581*	—	—	2,208	3,699
01*	6,583*	6,250*	8,751*	12,380*
909	21,019*	28,408*	35,071*	48,382*
54p	—	—	4,384	3,944
18p*	7.93p	9.45p	12.66p	17.74p
72p	12.67p*	15.92p*	17.10p*	29.41p*
	3.04p	3.56p	5.125p	7.26p

* after providing for tax in accordance with SSAP15.
† adjusted to give effect to capitalisation issue in 1980.

91	185	190	197	208
24	22	21	18	14
13	15	18	21	20
18	222	229	236	242
01	2,499	2,816	2,766	2,978
4	143	150	172	257
%	4.5%	4.7%	5.7%	7.7%
0	7	7	9	15
0	18,660	18,040	14,830	16,890
0	13,010	13,260	13,520	13,880
C	81,700	99,100	116,600	145,500
7	6.34	7.52	8.72	10.59
6	6.3%	5.9%	6.2%	7.2%

Supermarket Openings 1980/81	Sales Area sq. ft.
Sirbiton	17,640
Rugby	20,240
Brighton Hill, Basingstoke	18,940
Maldenhead	19,970
Chertsey	16,080
Mitcham	15,500
Dover	16,510
New Barnet	22,010
Eastbourne	16,330
Dagenham	16,770
Macclesfield	13,520
Chislehurst	13,900
Wigston, Leicester	17,820
Potters Bar	17,720
Hampton, Middlesex	10,340

Total 263,370

Average 16,890

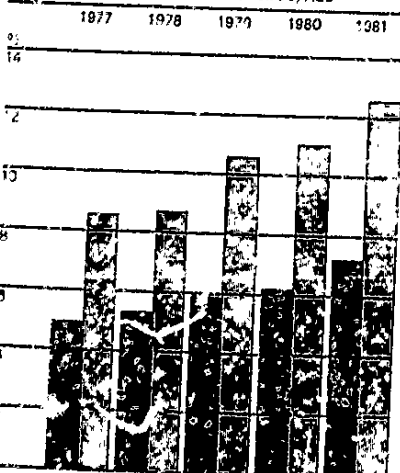
Supermarket Openings 1981/82	Sales Area sq. ft.
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Rayleigh Weir	22,850
Aylesbury	16,530
Basingstoke Central	20,940
Purley	23,730
Lincoln	16,850
Prastwich	16,230
Perton, Wolverhampton	18,270
Walthamstow	29,120
Harlow	22,490
Leeds	22,680
Woodhall Farm, Hemel Hempstead	18,930
Nine Elms, London	25,310
Kiddsminster	17,530
Tonbridge	19,960
Folkestone	25,960
Braintree	14,940

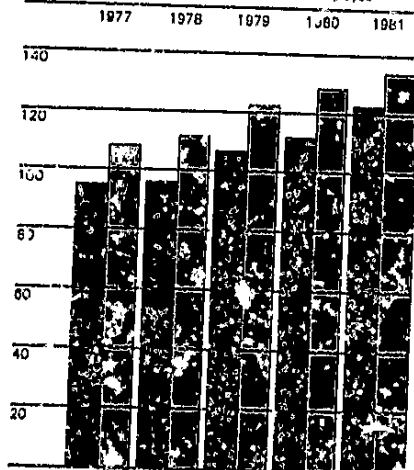
Total 332,320

Average 20,770

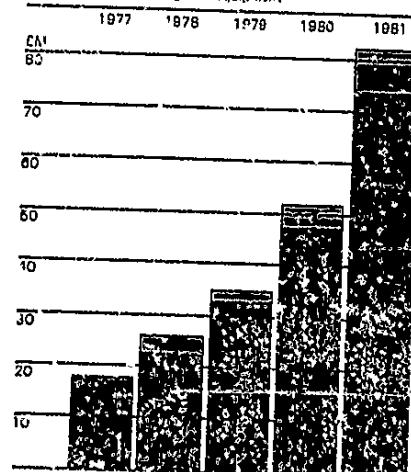
Market Share
Share of no. of trade in food shops based on the 1977 and 1980 data
Share of grocery trade as estimated by AGB



Productivity Index
Sales volume per sq ft of sales area
Sales volume per full-time equivalent employee



Investment
Property
Fixtures, fittings and equipment
Other



Chairman's Statement 1981



1980/81 has been a remarkable year for the Company, and one in which many records were broken. With sales up 30% the most significant measurement of our success was the volume growth of 17.3%, the highest percentage increase of any year since food rationing ended after the war.

Established supermarkets experienced an 11% volume growth, a level only reached three times in the last thirty years, the remainder of the growth coming from new stores and major extensions.

Such an unprecedented sales performance had the most beneficial effect on our costs related to sales, with the result that our retail net margin at 4.1% was the best figure we have achieved for many years.

Our profit before tax and profit sharing rose 43% and thus has doubled in two years. Earnings per share improved by 20% in real terms.

This is the second year of our Profit Sharing Scheme which, being closely geared to profitability on the basis of a published formula, could not have enjoyed a better start. In the first year 5,300 staff, of the 17,000 with the two years' qualifying service, opted to take their distribution in shares rather than cash (such shares being taken at the equivalent value of 207½p per share). I am pleased to report that this year some 19,000 staff will be eligible for the Scheme and that £3.7 million will be distributed in the form of shares or cash in most cases depending on the choice of the employee.

In addition to the shares distributed under the Profit Sharing Scheme, there are more than 3,000 staff in the Savings-Related Share Option Scheme holding options over 2.7 million shares. As I said last year, we hope that over the years a significant number of employees will be able to build up a worthwhile stake in the Company. I believe there are real long-term benefits to any successful company in the positive encouragement of wider share ownership amongst employees and that the government should do more to encourage moves in this direction.

Why the record sales growth?

The Company increased its share of the national food market for the 30th successive year. The choice of the actual level to quote to give a fair picture of our share of trade is made more difficult by the government changing the basis of its statistics on retailing. As a result the food trade done by some of our largest competitors, who also have significant non-food sales, is excluded from the most recent estimates of national food sales.

Independent market research companies publish market share figures which are derived in a number of different ways. The most often quoted figures are those that show the highest share for large supermarket

companies since they do not include the food sales of specialist food retailers, variety and department stores. We estimate our share of the national trade in food shops to be 7.2% representing an advance of 16% over the previous year and a significant improvement in our position compared to our principal competitors.

In assessing the reasons for our growth of sales and market share it is necessary to look back a number of years, for I believe an important reason for our success has been the consistency with which we have followed our traditional policies of commitment to food specialisation and of seeking to excel in terms of high quality and low prices.

Our lead in value-for-money terms has widened in the past year, and this greater competitiveness has had a major effect on the buoyancy of our trade. We have made a concentrated effort to improve the level of service we provide for our customers, particularly at the checkout. We have had 11.9% more customer visits than in the previous year, but whilst our stores are more crowded we have been able to speed up service by better staffing and staff training.

We have also lengthened trading hours by extending late night trading to Wednesday following the successful move to opening most stores on Mondays, and this has been an added convenience much valued by our customers.

Sainsbury label products have long been the greatest single contribution we make to providing the best value for our customers. This has been more true than ever in the past year when there have been a number of important new developments which have enhanced the range by improved quality and presentation as well as the introduction of new products. This innovative effort is the key to our strength in this area which (as will be seen on page 7) received a major boost in television advertising for the first time covering a wide span of Sainsbury products.

No assessment of the reasons for our buoyant trade would be complete without reference to the growth in consumer expenditure on food. In the last two years this has increased by 3% in real terms nationally, with regional variation which could well have been favourable to us. It must be unlikely that this expansion in the market will be repeated in the year ahead.

Greater Productivity through Heavy Investment

I have emphasised in the past how our profit growth has been made possible by our success in improving productivity. As the chart on page 3 illustrates, last year showed a further advance on this front in terms of both sales volume per employee and sales volume per square foot of sales area. In the last five years our staff productivity has increased by about one third and whilst the greatest gains have been made in the Retail

Division, there have also been significant improvements in the Distribution Division and Head Office where our total numbers of staff are less than they were five years ago.

Such progress stems directly from our very large investment programme, which rose to £82 million during the year under review, bringing the five-year total to £212 million. It is important to note that this investment has been financed by retained profits assisted by our long-standing practice of disposal of shop property where we no longer trade and by a small sale and lease back programme. Whilst our future plans envisage greater levels of expenditure, I do not anticipate the need either to depart from these traditional methods of financing our expansion, or to reduce the high proportion of freeholds in our property portfolio.

New Developments

During the year we opened 15 new stores with a total sales area of over a quarter of a million square feet. The size of the new stores opened during the year averaged approximately 17,000 sq. ft. In a number of cases the sales area was far less than we would have liked owing to the constraints of planning permission and I am therefore pleased to be able to report that over the next two years the average size of supermarkets due to open will be much closer to our requirements of around 20,000 sq. ft. The rate of opening will increase slightly and we expect to be able to meet our target of 50 new stores in the three years to March 1983.

Four out-of-date supermarkets were closed during the year, being replaced by new stores, while 11 stores benefited from extensions or major refurbishment.

The successful development of new stores to the north of our existing trading area continues, and we expect to have at least 25 supermarkets trading in the area north of the Midlands by 1985. The level of trade achieved by recently opened supermarkets continues to exceed our expectation, with some of the most outstanding performances coming from stores opened in the last three years in areas where we have not previously traded. This, together with the considerable potential for growth within our existing trading area augurs well for the future.

Important new development covers more than the investment in new supermarkets. It also includes application of new technology that can have an important effect on our operating efficiency and service to customers. Currently we are making a major investment in new company systems which should make a significant contribution to our overall performance. At the same time we have been running a trial for the last year in one store with electronic scanning at the checkout. This involves passing the customer's purchases across a laser beam scanner

which reads a price symbol on each item. For the customer this will have the advantage of better service at the checkout together with an itemised till receipt with each purchase. For the Company it will capture data at the point of sale that will be invaluable in improving efficiency throughout the store. We anticipate a major investment in this new checkout system within the next few years.

We have also been in the forefront of applying new technology to energy conservation and were the first retail company to be awarded a government grant for an energy management system. This uses an in-store computer, linked with a central computer in the area office, to regulate refrigeration, lighting, heating and ventilation in order to gain maximum energy efficiency and to monitor performance of plant to achieve the most effective maintenance schedules. This equipment is at present on trial at five branches and, if successful, is likely to become standard at all stores.

Subsidiary and Associate Companies

Haverhill Meat Products had a most successful year, achieving an increase in profit before tax and interest of 26%. This excellent growth was largely due to the buoyancy of our trade in pork, Tendersweet bacon and pork products, combined with a further 4% improvement in productivity at the plant in Haverhill.

In July, HMP acquired Palethorpes Ltd. from J. Bibby & Sons Ltd. for £1.8 million. The Palethorpe factory at Market Drayton has a well established trade in pork products and provides necessary additional capacity to meet the growing demand for HMP products in our supermarkets. The location of the plant is particularly advantageous given our expansion plans to the north-west (see page 8).

Breckland Farms, which provides about 10% of the pigs used at Haverhill, had an excellent year, maintaining its performance in terms of high productive efficiency in relation to the national average for pig production. The company is expanding and is investing in a large new unit, which will come on stream during 1981 and will produce a further 13,000 pigs per year (see page 9).

SavaCentre had a most eventful year, opening two new hypermarkets (at Basildon in Essex and Oldbury to the west of Birmingham) and doubling its retail units and sales space. Given high pre-opening expenses inevitably incurred by the two new stores the results are a credit to all at SavaCentre. In 1981 SavaCentre opens its fifth and largest hypermarket outside Reading. Despite the effect of the recession on its non-food trade we are confident of an increasing profit contribution from this important associate company.

During the year good progress was made in planning the development of our new joint venture in

the home improvements market. Our first store opened near Croydon on 3rd March 1981 trading under the name Homebase (see page 9) and immediately established a level of trade well in excess of that anticipated. While precise dates are hard to forecast we are hopeful of having 20 Homebase stores trading by 1984.

Board Changes

I have long felt that the Company would benefit from the presence on the Board of non-executive Directors, who could bring to our deliberations outside experience not otherwise available to us. This is in accord with a widely-held view that public companies of our size should have some Directors who are independent of executive responsibility.

I was very happy, therefore, that Sir James Spooner accepted our invitation to become our first "outside" Director. He brings a wealth of experience from other companies that will be of great value to us. I was also delighted when Mrs. Jennifer Jenkins agreed to join us. Her work in the consumer field over many years makes her especially well qualified to contribute to our affairs.

Thanks to Suppliers and Staff

Our success during the year depended in large part on the service provided us by our suppliers and we appreciate all that has been done for us. During the year we have made special efforts to promote British foods and the products from British food processors. This is because we believe it our duty during the current difficult economic conditions to do what we can to help those at home, particularly in the light of assistance that is given by some overseas governments to exporters to this market. It is pleasing to note that the majority of our largest suppliers were able to achieve increased profits in the past year. I should like particularly to thank suppliers of Sainsbury label products for their close co-operation in upholding our strict quality specifications and for their work with us in developing improvements and additions to the extensive range of over 2,000 Sainsbury label products that we sell.

The success of Sainsbury's is the success of all who work in the Company. The judgement of how well we do our job rests with our customers, and their verdict is to be seen both in the record increase in their number and in the size of their purchases. On behalf, therefore, of all with a stake in the Company I extend my congratulations and appreciation to all those who have contributed to the year's results.

John Sainsbury *Chairman*



The Company's two outstanding trading strengths are fresh foods and the Sainsbury label products. Considerable progress has again been made in the meat department with new equipment in the stores and a



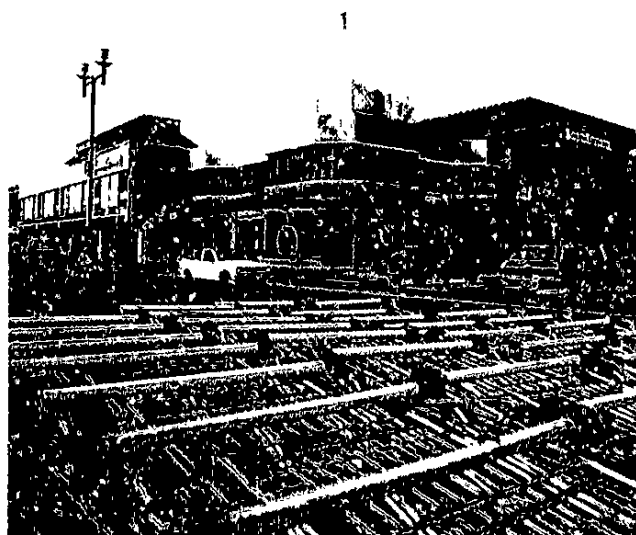
wider range of cuts. Market share improved significantly during the year. Progress has also been made with in-store bakeries, the number of which increased from 23 to 37 during the year.

It was a year too of significant innovation in Sainsbury label products, with several major new launches such as Vitapint, the only fresh low-fat milk in England. This was featured on TV as part of the new own label campaign.

Much interest was shown in the Sainsbury's wine range by the press and it was also featured extensively in advertising. Sales volume increased significantly.



Subsidiary and Associate Companies



SavaCentre Limited

This joint venture with British Home Stores Limited was formed in December 1975 to operate hypermarkets throughout the UK. There are now SavaCentres at Washington (Tyne & Wear), Hempstead (Kent), Basildon (Essex), and Oldbury (West Midlands) which opened in October 1980 (see picture). A fifth



SavaCentre outside Reading (Berks.) is to open in 1981. In 1980/81 sales doubled for the second consecutive year to reach £93.8m and give profits of £457,000.

The Directors are Sir John Sainsbury, Mr. J. H. G. Barnes, Mr. R. T. Vyner and Mr. L. S. Payne, together with four British Home Stores' Directors and the General Manager, Mr. A. S. Henn.

Haverhill Meat Products Limited

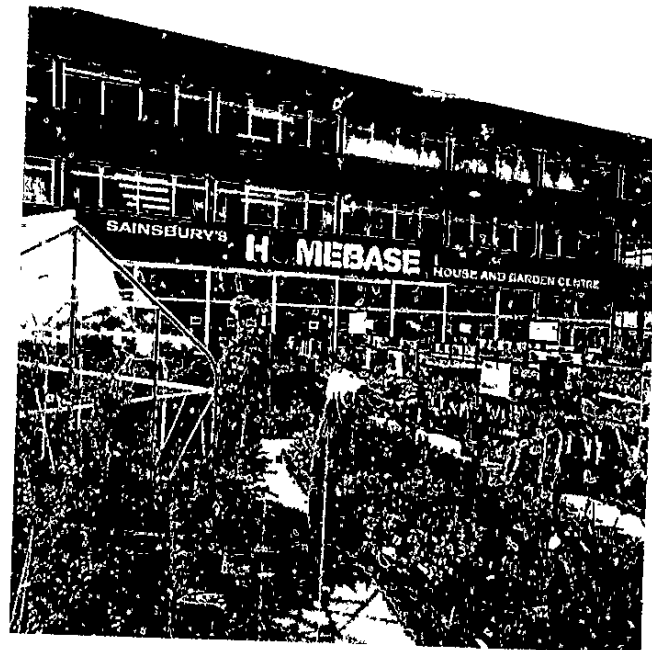
This joint company with Canada Packers Inc. of Toronto produces Tendersweet bacon, fresh pork and Sainsbury's range of sausages and cooked meats and has over 2,000 employees and a capacity to handle over half a million pigs a year.

Profit in 1980/81 was £2.8m on sales of £70m. This includes a contribution from Palethorpes Limited (see picture) acquired in July 1980, both as an established business and to provide additional capacity to meet the expanding requirements of Sainsbury's in the north-west of England.

HMP is proud to have won the prestigious Sedgwick Safety Award for South-East England for 1980 at its first attempt.

The Directors are Mr. E. R. Griffiths (Chairman), Mr. J. H. G. Barnes, Mr. H. Galazka and Mr. D. E. Henson, together with four Directors from Canada Packers Inc., of Toronto, and three Directors from HMP—Mr. D. Pillar (General Manager), Mr. P. Collins and Mr. D. M. Hickman.





Homebase Limited

Homebase is the chosen name for this venture with GB-Inno-BM, S.A. of Belgium, to establish a chain of home improvement and garden centres in the UK. The first Homebase store (see picture) opened at Croydon in March 1981 and public response has been most encouraging. A second store in conjunction with a Sainsbury supermarket is to open in Leeds in autumn 1981. Sainsbury's hold 75% of the shares.

The Directors are Mr. G. C. Hoyer Millar (Chairman), Mr. P. J. Davis and Mr. D. E. Henson, together with two Directors from our Belgian partners.

J Sainsbury (Farms) Limited

A wholly-owned subsidiary, J Sainsbury (Farms) Limited manages Sainsbury's farm interests of 1,000 acres at Inverquhomery in Aberdeenshire and 700 acres, together with the famous Kinnermony Aberdeen Angus herd, at Aberlour in Banffshire.

The Directors are Mr. M. S. Hughes (Chairman), Mr. J. R. Hill and Mr. N. F. Matthews.

Breckland Farms Limited

This pig production company jointly owned with Pauls & Whites Limited had a successful year and increased its profits by 54% to £312,000 mainly as a result of significant improvements in the performance of the breeding herd and in feed conversion. The company has three farms in Norfolk and the whole of its output is

sold to Sainsbury's for processing by Haverhill Meat Products. A further production unit is being built and will commence production in the autumn of 1981, ultimately increasing total output by 20% to about 65,000 pigs per year.

The Directors are Mr. H. Galazka, Mr. J. R. Hill and Mr. F. E. Netscher, together with three Directors from Pauls & Whites and the General Manager, Mr. G. Brown.

J. Sainsbury (Properties) Limited

J. Sainsbury (Properties) Limited is a management company which manages (but does not own) all Sainsbury's properties.

The Directors are Sir John Sainsbury (Chairman), Mr. D. J. Sainsbury (Deputy Chairman), Mr. G. C. Hoyer Millar (Managing Director), Mr. C. W. Burdsey (Assistant Managing Director), Mr. N. A. Franks, Mr. G. G. Haynes, Mr. R. Lirfield, and Mr. T. A. D. Sainsbury MP.

Kings Reach Investments Limited

The Kings Reach development is now a recognised landmark on the south side of the River Thames close by Sainsbury's Head Office in Stamford Street. In addition to Sainsbury's, the shareholders in this company are The Union International Company Limited, The Stock Conversion and Investment Trust Limited and a subsidiary of Reed International Limited.

The Sainsbury Directors are Mr. C. W. Burdsey and Mr. T. A. D. Sainsbury MP.

Employee Review



Job Opportunities

Because of our increased trade and new branch opening programme, the total number of people we employed last year increased by 5,300. We continued our efforts to support youth employment schemes and also provided permanent jobs for nearly 2,000 school leavers.

We have stepped up our efforts in graduate recruitment and in the coming year expect to recruit 125 graduates, an improvement of more than 50% in our normal intake. The considerable opportunities for careers in Sainsbury's in the field of computers, systems analysis and distribution as well as in the traditional areas of retailing and buying are being increasingly recognised by the Universities.

We are an important source of part-time employment for students. Last year we employed more than 10,000. Finally, by offering employment and re-training to good managers from other industries we have provided a number of opportunities for people to change their career. This has proved most worthwhile and will be continued this year.

The picture shows two of our staff in the new Sainsbury uniforms.

Training and Development

Our determination to provide careers for our staff and the opportunities which exist in a growing business are demonstrated by the further progress made last year in



training and development.

Over three quarters of our management vacancies were filled by internal promotions. More than 1,000 of our management staff were promoted.

A record number of over 500 trainees joined our Retail Management Scheme. These were a mixture of internal promotions, 'A' level, graduate and other external recruits.

For many years we have worked hard to increase the professional performance of our staff through extensive training. The size of the new store opening programme and the advancement of new systems make management development even more important. During the year 5,800 of our staff attended managerial courses.

One of our largest training efforts, that of cashier training, is being completely re-designed. New teaching methods with advanced training aids (shown above) are being developed and we intend to take advantage of these methods to improve efficiency and productivity at the checkouts.

Employee Involvement

We believe that employee involvement is best encouraged by consultation at local level about the running of the place of work; by informing staff about the way the business is performing and the challenges it faces; by ensuring that staff know our customers and their needs, and, by rewards linked to the performance of the business.



In 1980 a Profit Sharing Scheme was introduced under which all employees with two years' qualifying service can receive a share of profit. The total amount available is determined by a fixed formula of 15% of the difference between the retail profit actually earned and the retail profit which would have been earned if the net margin had been 2.5%. This is subject to a maximum reached if ever the net margin were to be 4.5%. In this way the benefit to employees is highly geared to profit performance. The amount is distributed to eligible employees in proportion to pay and most can choose to take their entitlement either in cash or in shares, subject to a scheme under the 1978 Finance Act. Last year 5,300 employees chose shares.

In January 1981 more than 2,400 staff were granted options over shares under the Company's Save-As-You-Earn Share Option Scheme. These forms of involvement help weld the interests of staff, customers and shareholders.

Our efforts at communicating the year's results to staff continue. Directors address management meetings all over the country. We produce an audio visual programme, this year introduced by Valerie Singleton, (pictured here interviewing Sir John Sainsbury) which is shown at all branches and other locations. In addition, there is a colourful broadsheet explaining the results available to all staff.



Pensions

All full-time employees are members of a single pension scheme. Over the last few years of high inflation we have given priority to protecting the standard of living of our pensioners to the best of our ability. Pensions in payment were again reviewed in January 1981 with an increase near the level of inflation. Over the last few years our record of pension reviews is well above that achieved by most private sector employers. We keep in touch with our pensioners with a programme of visits, a newsletter and reunions such as the one shown here.

	1977	1978	1979	1980	1981
Number of full-time employees	16,046	16,371	16,660	16,894	18,565
Number of part-time employees	15,047	15,644	18,180	20,373	24,028
Number of full-time equivalent employees	21,791	22,417	23,591	24,796	27,900
Annual Wage/Salary Costs (£)	57,972,687	64,696,564	76,728,088	93,306,607	123,809,452
Average Wage/Salary (£)	2,660	2,886	3,252	3,763	4,438
Sales/Employee (£)	30,461	36,182	42,689	49,468	56,966
Number of staff eligible for profit sharing				17,000	19,090
Profit sharing distribution rate				4.15%	5.23%

Report of the Directors

For the 52 weeks to 28th February 1981

Profits and Dividends

The profit before tax and profit sharing was £65,761,000 details of which are shown on page 15.

The Directors are proposing the payment of a final dividend of 5.00p per share on 24th July 1981 to shareholders on the Register at the close of business on 26th June 1981. Together with its associated tax credit this dividend is equivalent to a gross dividend of 7.14p per share. The interim dividend was paid on the old capital basis. Adjusted for the one-for-one capitalisation issue, the total gross dividend for the year is 10.36p per share. On the basis of a similar adjustment to last year's net dividend, the increase in the net dividend this year is 41.5%.

Share Capital

At an Extraordinary General Meeting held on 1st December 1980 a Resolution was passed approving a capitalisation issue to ordinary shareholders on the Register at the close of business on 5th November 1980 on the basis of one new ordinary share credited as fully paid for each ordinary share of 25p then held. At the same time the authorised share capital of the Company was increased from £25,000,000 to £50,000,000.

During the year further shares were issued under the Company's Savings-Related Share Option Scheme and the Share Option Scheme established in 1973. Further share options were granted to Directors and senior staff under the latter Scheme. New Share Option Schemes were approved at the Extraordinary General Meeting on 1st December 1980 and options were granted under the new Savings-Related Scheme in January 1981. Details are given in Note 1 on page 17.

Property

The Directors are of the opinion that the land and buildings valued in the historical accounts at £219m have a current value of £358m. The basis of this estimate is set out in Note 5 to the Current Cost Accounts on page 25.

The movements of fixed assets are set out in Note 5 to the accounts on page 19.

Principal Activity

The principal activity of the Group is the retail distribution of food. There are no direct exports, but products to the value of £745,000 (1980 £552,000) were sold to other companies for export.

Employees

The average number of employees in the Group was 18,578 full-time and 24,028 part-time and their aggregate remuneration was £123,904,000.

Donations

Donations to charitable organisations amounted to £99,000 and to political parties nil.

Directors

The Directors are shown on page 1. Apart from Sir James Spooner who was appointed on 5th March 1981, all Directors held office throughout the year. In accordance with the Articles of Association, a Resolution will be submitted to the Annual General Meeting for the re-appointment of Sir James Spooner. A further Resolution will be submitted to the Meeting for the appointment of Mrs. Jennifer Jenkins. Directors holding executive office are not subject to retirement by rotation. No Directors were interested in any contracts subsisting during or at the end of the financial year.

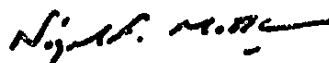
Directors' and Other Interests

The number of ordinary shares and units of loan stock held by Directors and their families at 28th February 1981 and other substantial interests notified to the Company are shown on page 26.

Auditors

Clark Pixley 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



7th May 1981

Accounting Policies

Sales	Sales consist solely of sales through retail outlets, and exclude rental and other income.
Deferred Tax	<p>In accordance with the Statement of Standard Accounting Practice No. 15, provision is made on the liability method for deferred tax which could become payable within the foreseeable future and which has been calculated in the light of the Company's projected levels of trading and capital expenditure.</p> <p>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 33 of the Finance Act 1965.</p>
Depreciation	<p>Freehold land is not depreciated.</p> <p>Freehold buildings and long leasehold properties with more than 50 years unexpired are only depreciated when in the opinion of the Directors a diminution in value, either in historic or replacement cost terms, will occur over the useful life of the asset to the Company. Depreciation is calculated to write off the excess value over the remaining useful life by equal annual instalments.</p> <p>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.</p> <p>Plant, equipment and vehicles are depreciated to write off their cost over their estimated useful lives in equal annual instalments not exceeding 15 years and commencing in the accounting year following purchase.</p>
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 converted to sterling at the exchange rates ruling at the year end.
Research	Research and Development expenditure is written off as incurred against the profits of the year.
Associate Companies	Associate Companies are those shown on page 20. An Associate Company is one in which the Company participates in commercial and financial policy and has an interest of between 20 per cent and 50 per cent.
Earnings per Share	The calculation of earnings per share is based on profit after tax but before extraordinary items, and on the weighted average of ordinary shares in issue during the financial year. Comparative figures are adjusted for capitalisation issues.

Balance Sheets

28th February 1981

	Note	Group		Company	
		1981	1980	1981	1980
		£000	£000	£000	£000
Capital Employed					
Share Capital	1	42,103	20,881	42,103	20,881
Reserves	2	250,919	214,122	247,750	211,845
		<u>293,022</u>	<u>235,003</u>	<u>289,853</u>	<u>232,726</u>
Minority Interest		240	2	—	—
Loan Capital	3	5,812	5,924	5,812	5,924
Deferred Tax	4	2,941	16,845	2,941	16,845
		<u>302,015</u>	<u>257,774</u>	<u>298,606</u>	<u>255,495</u>

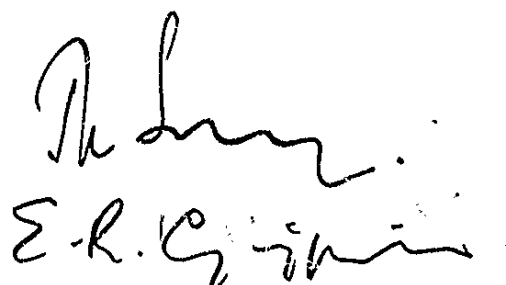
Represented by

Fixed Assets	5	312,287	251,075	311,265	250,931
Subsidiaries	6	—	—	939	651
Associates	7	26,008	16,214	22,810	13,937
Advance Corporation Tax Recoverable		3,609	2,924	3,609	2,924
Current Assets	8	145,183	155,818	144,143	155,309
		<u>487,087</u>	<u>426,031</u>	<u>482,766</u>	<u>423,752</u>
Less Current Liabilities	9	185,072	168,257	184,160	168,257
		<u>302,015</u>	<u>257,774</u>	<u>298,606</u>	<u>255,495</u>

Notes on pages 13 and 17 to 23 form part of these accounts

John Sainsbury Chairman

E. R. Griffiths Deputy Chairman



Group Profit and Loss Account

For the 52 weeks to 28th February 1981

	Note	1981 £000	1980 £000
Sales—include VAT £58.0m (£36.6m)		<u>1,589,196</u>	<u>1,226,595</u>
Retail Profit—net margin 4.1 % (3.7 %)	10	64,393	45,385
Associates—share of profit	7	<u>1,368</u>	<u>645</u>
Profit before Tax and Profit Sharing		65,761	46,030
Profit Sharing		<u>3,699</u>	<u>2,208</u>
Profit before Tax		62,062	43,822
Tax	11	<u>12,680</u>	<u>8,751</u>
		49,382	35,071
Tax Provision No Longer Required	11	<u>15,548</u>	<u>—</u>
		64,930	35,071
Extraordinary Items	12	<u>3,944</u>	<u>4,364</u>
		68,874	39,435
Dividends	13	<u>12,206</u>	<u>8,573</u>
Profit Retained	2	<u>56,668</u>	<u>30,862</u>
Earnings per Share (excluding exceptional release of tax provision)	14	29.41p	21.10p

Group Statement of Source and Application of Funds

For the 52 weeks to 28th February 1981

	1981 £000	1980 £000
Source of Funds		
Generated from Operations		
Retail profit	64,393	45,385
Depreciation	11,671	9,851
	<u>76,064</u>	<u>55,236</u>
Other Sources		
Share capital	1,351	439
Minority interest—capital contribution	238	2
Disposal of fixed assets	7,011	5,882
Extraordinary items	3,944	4,364
	<u>88,608</u>	<u>65,923</u>
Application of Funds		
Capital expenditure	79,894	50,145
Profit sharing paid	2,208	—
Dividends paid	9,869	6,514
Tax paid	3,560	3,608
Net investment in Associates	8,490	4,320
Redemption of debentures	112	87
	<u>104,133</u>	<u>64,674</u>
Reduction in Working Capital		
Increase in net creditors	18,687	43,924
Deduct increase in stocks	4,545	35,578
	<u>14,142</u>	<u>8,346</u>
(Decrease)/Increase in Net Liquid Funds	<u>(1,383)</u>	<u>9,595</u>

Notes on the Accounts

1 Share Capital

Ordinary Shares of 25p each	£000
Authorised—200,000,000 shares (1980 100,000,000 shares)	50,000
Issued at 1st March 1980, 83,522,927 shares fully paid	20,881
Shares Issued — Savings-Related Share Option Scheme	129
— 1973 Share Option Scheme	8
— Profit Sharing Scheme	52
— Capitalisation Issue (Note 1c)	21,033
Issued at 28th February 1981, 168,410,075 shares fully paid	42,103

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 that they are taken out. In certain circumstances however, options can be exercised earlier. Details of these options at 28th February 1981 were as follows:

Option granted	Price after Capitalisation Issue	Options exercised in the year		Options outstanding at the end of the year	
		Number of options	Shares issued	Number of options	Shares under option
8th November 1974	40p	347	377,854	—	—
7th November 1975	75½p	183	137,271	88	64,158
5th November 1976	51p	1	281	220	245,768
4th November 1977	109½p	3	885	296	169,818
3rd November 1978	105p	3	612	343	238,258
2nd November 1979	144p	2	145	1,081	753,828
18th February 1981	329p	—	—	2,443	1,280,898
			517,048		2,752,728

b) **Executive Share Option Schemes**—A new Executive Share Option Scheme was introduced for Directors and Senior Executives on similar lines to the existing Scheme which expires in less than three years' time. Details of options under both Schemes as at 28th February 1981 were as follows:

Option granted	Price after Capitalisation Issue	Options exercised in the year		Options outstanding at the end of the year	
		Number of options	Shares issued	Number of options	Shares under option
14th September 1979	155p	5	31,197	123	1,741,244
29th January 1980	155p	—	—	11	69,434
12th September 1980	255p	—	—	135	908,464
			31,197		2,719,142

c) **Capitalisation**—On 1st December 1980 the authorised capital of the Company was increased from £25,000,000 to £50,000,000 by the creation of 100,000,000 additional ordinary shares of 25p. Amounts of £1,352,808 standing to the credit of the Share Premium Account and £19,680,226.50 standing to the credit of General Reserve were capitalised, and applied in issuing 24,132,138 shares of 25p to existing holders in the proportion of one new ordinary share for every one ordinary share registered on 5th November 1980. These shares did not rank for the interim dividend for the year paid on 23rd January 1981.

2 Reserves

	Group £000	Subsidiaries £000	Associates £000	Company £000
General				
Balance 1st March 1980	213,797	—	2,277	211,520
Profit retained	56,888	(29)	1,013	55,684
Reclassification of reserves arising from disposal of interest in Sainsbury-Spillers Limited	—	—	(92)	92
Capitalisation Issue (Note 1c)	(19,680)	—	—	(19,680)
Balance 28th February 1981	250,785	(29)	3,198	247,616
Share Premium Account				
Balance 1st March 1980	325	—	—	325
Premiums arising on shares issued during the year	1,162	—	—	1,162
Capitalisation Issue (Note 1c)	(1,353)	—	—	(1,353)
Balance 28th February 1981	134	—	—	134
Reserves 28th February 1981	250,919	(29)	3,198	247,750

3 Loan Capital

	1981 £000	1980 £000
6½% First Mortgage Debenture Stock 1988/93	2,165	2,266
7½% First Mortgage Debenture Stock 1987/92	722	731
Accrued interest	60	62
8% Irredeemable Unsecured Loan Stock	2,865	2,865
	5,812	5,924

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 28th February 1981 have been met in this way.

4 Deferred Tax

The total potential liabilities, and the amount provided against each, in respect of all timing differences and stock relief are as follows:

	1981		1980	
	Total £000	Provided £000	Total £000	Provided £000
a) Timing differences between depreciation and capital allowances	48,896	1,740	35,300	1,947
b) Relief due to increases in values of stocks held	37,331	—	34,150	15,548
c) Payments for group relief under indemnities	1,461	1,461	—	—
d) Other short term timing differences	(260)	(260)	(650)	(650)
	87,428		69,800	
Balance at 28th February 1981		2,941		16,845

Note 4 continued

In line with the 1981 Finance Bill the deferred tax provided in recent years in respect of stock relief has now been released. Under existing law a deferred tax provision of £11,800,000 would have been made.

The disposal of all properties for a consideration equivalent to the values attributed in these accounts, after taking account of net gains already deferred, would produce a maximum potential tax liability of £21,000,000 (1980 £19,500,000).

5 Fixed Assets

	Land and Buildings £000	Group Plant Equipment & Vehicles £000	Total £000	Land and Buildings £000	Company Plant Equipment & Vehicles £000	Total £000
Cost or Valuation						
At 1st March 1980	183,235	111,673	294,908	183,225	111,488	294,713
Additions	38,507	40,595	79,102	38,077	40,108	78,185
Disposals	(2,676)	(13,983)	(16,659)	(2,676)	(13,980)	(16,656)
At 28th February 1981	<u>219,066</u>	<u>138,285</u>	<u>357,351</u>	<u>218,626</u>	<u>137,616</u>	<u>356,242</u>
Depreciation						
At 1st March 1980	1,053	44,795	45,848	1,048	44,749	45,797
Provided in the year	432	11,239	11,671	427	11,205	11,632
Disposals	(5)	(9,643)	(9,648)	(5)	(9,640)	(9,645)
At 28th February 1981	<u>1,480</u>	<u>46,391</u>	<u>47,871</u>	<u>1,470</u>	<u>46,314</u>	<u>47,784</u>
Net Book Value						
At 28th February 1981	<u>217,586</u>	<u>91,894</u>	<u>309,480</u>	<u>217,156</u>	<u>91,302</u>	<u>308,458</u>
Term Secured Loan for Store Development (1980 £2,015,000)			2,807			2,807
At 28th February 1981			<u>312,287</u>			<u>311,265</u>
At 1st March 1980	182,182	66,878	251,075	182,177	66,739	250,931

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

**Analysis of Land
and Buildings**

	At Cost £000	Group At 1973 Valuation £000	Total £000	At Cost £000	Company At 1973 Valuation £000	Total £000
At 28th February 1981						
Freehold	59,441	50,239	109,680	59,441	50,239	109,680
Long Leasehold	85,217	16,821	102,038	85,217	16,821	102,038
Short Leasehold	5,212	2,136	7,348	4,772	2,136	6,908
	<u>149,870</u>	<u>69,196</u>	<u>219,066</u>	<u>149,430</u>	<u>69,196</u>	<u>218,626</u>

6 Subsidiary Companies

	Share of Ordinary Issued Capital
J. Sainsbury (Properties) Limited	100%
The Cheyne Investments Limited	100%
J Sainsbury (Farms) Limited	100%
Homebase Limited	75%

J. Sainsbury Trustees Limited	} Limited by guarantee
The Sainsbury Charitable Fund Limited	

All Subsidiaries operate in the United Kingdom.

The 1980 comparative figures have been restated on a Group basis.

	Company	
	1981	1980
	£000	£000
Shares at Cost	4,967	4,225
Amounts owing on current account	(4,217)	(4,217)
Advances	189	643
	<u>939</u>	<u>651</u>

7 Associate Companies: Unquoted

	Share of Issued Capital	Share of Profit or (Loss) Before Tax	
		1981	1980
		£000	£000
Haverhill Meat Products Limited	50%	1,420	1,223
500,000 "B" Ordinary Shares of £1 each			
Sainsbury-Spillers Limited	—	—	(434)
Kings Reach Investments Limited	28.76%	(437)	(260)
28,760 Ordinary Shares of 1p each			
Breckland Farms Limited	50%	156	101
200,000 "B" Ordinary Shares of £1 each			
141,532 1% Redeemable Preference Shares of £1 each			
SavaCentre Limited	50%	229	15
16,180,050 "B" Ordinary Shares of £1 each			
SavaCentre (Leasing) Limited			
50 "B" Ordinary Shares of £1 each			
		<u>1,368</u>	<u>645</u>

	Group		Company	
	1981	1980	1981	1980
	£000	£000	£000	£000
Shares at cost or valuation	17,339	2,130	17,339	2,130
Advances	5,471	11,807	5,471	11,807
Share of retained profits and reserves	3,198	2,277	—	—
	<u>26,008</u>	<u>16,214</u>	<u>22,810</u>	<u>13,937</u>

The investment in Sainsbury-Spillers Limited was sold during the year (Note 12b)

Note 7 continued

The proportion of the profits and losses of the Associates attributable to the Group and the reserves included in the Group balance sheet are taken from the latest Directors' accounts produced within two months of the end of the financial year.

The reserves shown above are after deducting a dividend received by J Sainsbury Limited of £291,000.

All Associates operate in the United Kingdom.

8 Current Assets

	Group		Company	
	1981 £000	1980 £000	1981 £000	1980 £000
Stocks	119,744	115,199	118,832	114,700
Debtors	10,091	10,264	9,964	10,264
Cash	15,348	30,355	15,347	30,345
	<u>145,183</u>	<u>155,818</u>	<u>144,143</u>	<u>155,309</u>

9 Current Liabilities

	Group		Company	
	1981 £000	1980 £000	1981 £000	1980 £000
Creditors and accrued charges	145,990	125,985	145,106	125,985
Bank overdrafts and unrepresented cheques	21,599	35,223	21,592	35,223
Tax	9,063	966	9,042	966
Dividends (Note 13)	8,420	6,083	8,420	6,083
	<u>185,072</u>	<u>168,257</u>	<u>184,160</u>	<u>168,257</u>

10 Retail Profit

	1981 £000	1980 £000
The Group profit has been arrived at after:		
Charging		
Depreciation	11,671	9,851
Company pension scheme contribution	7,443	5,709
Debenture interest	194	200
Loan stock interest	228	228
Bank and other interest	531	120
Directors' emoluments—fees nil (Note 15)	572	393
Pensions to former Directors	61	55
Auditors' remuneration (Company £73,000)	74	45
Crediting		
Profit on redemption of debentures	37	23
Interest	7,073	3,249

11 Tax

The tax charge for the year is calculated on the basis of the stock relief provisions proposed in the 1981 Finance Bill and is as set out below.

	Group	
	1981 £000	1980 £000
Corporation tax	10,925	(369)
Deferred tax	1,644	8,568
Share of Associates' tax	64	552
Payment for group relief	47	—
	<u>12,680</u>	<u>8,751</u>
Tax provision no longer required	(15,548)	—

The corporation tax charge of £10,925,000 is calculated after taking the benefit of stock relief, capital allowances and group relief totalling £14,250,000 and is payable in December 1981. The corporation tax charge would have been £14,160,000 had the existing legislation for stock relief been applied.

12 Extraordinary Items

- a) During the year the leases of three retail properties were varied whereby, in exchange for capital sums, the rents payable have been increased to market rents. The surplus of £3,569,000 represents the sums received less the book value.
No tax has been provided because of rollover relief.
- b) The sale of shares in Sainsbury-Spillers Limited during the year produced a profit of £375,000.

13 Dividends

	Company	
	1981 £000	1980 £000
Interim	3,786	2,490
Proposed final	8,420	6,083
	<u>12,206</u>	<u>8,573</u>

The interim dividend of 4.5p per share, paid on 23rd January 1981 on the old capital basis, is equivalent to 6.43p gross, and the proposed final of 5.0p per share is equivalent to 7.14p gross, assuming a standard rate of income tax of 30%.

14 Earnings per Share

The earnings per share of 29.41p is based on profit of £49,382,000. In the opinion of the Directors the exclusion of the exceptional release of tax provision gives a more meaningful comparison of the Group's earnings between 1980 and 1981. After including the exceptional release of tax provision the earnings per share would be 38.67p.

15 Directors' Emoluments

	1981	1980
Chairman	£62,000	£39,500
Emoluments of all Directors fell within the following ranges:		
£ 1—£ 5,000	—	1
£ 5,001—£10,000	—	1
£10,001—£15,000	1	2
£20,001—£25,000	—	2
£25,001—£30,000	—	4
£30,001—£35,000	2	3
£35,001—£40,000	3	2
£40,001—£45,000	2	—
£45,001—£50,000	3	—
£55,001—£60,000	1	—
£60,001—£65,000	1	—

16 Employees' Emoluments

The number of employees whose total remuneration exceeded £20,000 was as follows:

	1981	1980
£20,001—£25,000	13	3
£25,001—£30,000	2	—

17 Future Capital Expenditure

	1981	1980
	£000	£000
Contracted for but not provided for in the accounts	49,775	26,068
Authorised to date by Board of Directors but not contracted for	47,000	67,000

18 Contingent Liabilities

The Group has guaranteed, or undertaken to provide, facilities for Associates to the extent of £5,089,000 (1980 £6,800,000). Other contingent liabilities are estimated at £763,000 (1980 £1,500,000)

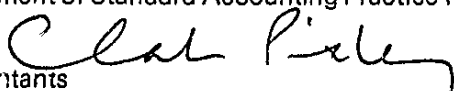
Auditors' Report

To the Members of J Sainsbury Limited

We have audited the financial statements on pages 13 to 23 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 land and buildings, give a true and fair view of the state of affairs of the Company and of the Group, so far as concerns members of the Company, at 28th February 1981 and of the profit and source and application of funds for the period ended on that date and comply with the Companies Acts 1948 to 1980.

We have also examined the current cost accounts on pages 24 and 25. In our opinion the accounts have been properly prepared in accordance with the policies and methods described in notes 1 to 6 to give the information required by Statement of Standard Accounting Practice No.16.

Clark Pixley
Chartered Accountants
London



7th May 1981

Group Current Cost Balance Sheet

28th February 1981

Capital Employed	Note	1981 £000	1980 £000
Share Capital		42,103	20,881
Reserves	4	427,813	381,610
		<u>469,920</u>	<u>402,491</u>
Minority Interest		240	2
Loan Capital		5,812	5,000
Deferred Tax		2,941	12,847
		<u>478,913</u>	<u>425,262</u>
Represented by			
Fixed Assets	5	478,927	411,269
Associates		35,876	23,094
Advance Corporation Tax Recoverable		3,609	2,924
Current Assets		145,573	156,232
		<u>663,985</u>	<u>593,519</u>
Less Current Liabilities		185,072	168,257
		<u>478,913</u>	<u>425,262</u>

Notes

- The current cost accounts have been prepared on the basis of the Accounting Standards Committee's recommendation contained in the Statement of Standard Accounting Practice No. 16 published in March 1980.
- The Accounting Policies of the Company used for the historical cost accounts of the Company have been applied in the compilation of the current cost accounts.
- The 1980 figures have been restated on a Group basis and also to include the Current Cost Operating Adjustments of SavaCentre Limited, SavaCentre (Leasing) Limited, and Breckland Farms Limited.

4 Reserves	1981 £000	1980 £000
General		
Balance 1st March 1980	200,230	176,942
Current Cost Profit Retained	46,318	23,288
Capitalisation Issue	(19,680)	—
Balance 28th February 1981	<u>226,868</u>	<u>200,230</u>
Current Cost Reserve		
Balance 1st March 1980	181,055	146,730
Revaluation Surpluses reflecting price changes		
Land and Buildings	7,241	19,203
Plant, Equipment and Vehicles	(795)	4,078
Trading Stocks	(24)	209
Associates	2,988	3,261
	<u>9,410</u>	<u>26,751</u>
Current Cost Adjustments	11,040	8,026
Gearing Adjustment	(690)	(452)
Balance 28th February 1981	<u>200,815</u>	<u>181,055</u>
Share Premium Account		
Balance 1st March 1980	325	23
Premium arising on shares issued during the year	1,162	302
Capitalisation Issue	(1,353)	—
Balance 28th February 1981	<u>134</u>	<u>325</u>
Reserves 28th February 1981	<u>427,817</u>	<u>381,610</u>

The amount of the current cost reserve realised is £23,917,000 (1980 £13,567,000).

Group Current Cost Profit and Loss Account

For the 52 weeks to 28th February 1981

	Note	1981 £000	1980 £000
Sales		<u>1,589,196</u>	<u>1,226,595</u>
Profit before Tax and Profit Sharing on the historical cost basis		65,761	46,030
Current Cost Operating Adjustments			
Depreciation	6	8,773	7,665
Cost of Sales	6	7,626	8,332
Less Monetary Working Capital	6	(7,626)	(8,332)
Associates		545	361
		<u>9,318</u>	<u>8,026</u>
Current Cost Operating Profit		56,443	38,004
Profit Sharing		<u>3,699</u>	<u>2,208</u>
Current Cost Profit before Tax		52,744	35,796
Tax		<u>12,680</u>	<u>9,751</u>
		40,064	27,045
Tax Provision No Longer Required		<u>15,548</u>	<u>—</u>
		55,612	27,045
Extraordinary Items	6	<u>2,222</u>	<u>4,364</u>
		57,834	31,409
Gearing Adjustment	6	<u>690</u>	<u>452</u>
Current Cost Profit Attributable to Shareholders		58,524	31,861
Dividends		<u>12,206</u>	<u>8,573</u>
Retained Current Cost Profit		<u>46,318</u>	<u>23,288</u>
Current Cost Earnings per Share (excluding exceptional release of tax provision)		24 27p	16.54p

5 Fixed Assets

- (a) An internal valuation of the Company's property portfolio was carried out by the Company's own qualified staff at 1st March 1980.
This valuation, adjusted for subsequent disposals and additions, has been updated by the Company's internal index and incorporated into the current cost accounts.
- (b) Official price indices published by the Central Statistics Office have been applied to plant, equipment and vehicles.

	Gross £000	Depreciation £000	Net £000
Land and Buildings	358,304	298	358,006
Plant, Equipment and Vehicles	<u>234,676</u>	<u>116,562</u>	<u>118,114</u>
	<u>592,980</u>	<u>116,860</u>	<u>476,120</u>

Term secured loan for store development

2,807
478,927

6 Current Cost Adjustments

- (a) The additional depreciation adjustment has been based on official price indices published by the Central Statistics Office and applied to plant, equipment and vehicles.
- (b) The cost of sales adjustment for stocks and the monetary working capital adjustment have been based on price indices maintained by the Company relative to its own trade. The averaging method has been used in most instances.
- (c) The gearing adjustment has been arrived at using the basis recommended by GSAP 16.
- (d) The extraordinary items have been restated to take account of the impact of inflation.

Directors' and Other Interests

Ordinary Shares	Beneficial		Non-Beneficial	
	1981 after capitalisation issue	1980	1981 after capitalisation issue	1980
Sir John Sainsbury	17,105,982	9,235,991	1,577,380	788,690
E. R. Griffiths	8,654	3,162	—	—
P. J. Davis	480	—	—	—
T. A. D. Sainsbury MP	15,882,018	8,079,058	1,746,098	775,000
D. J. Sainsbury	48,546,138	24,733,569	130,632	165,316
G. C. Hoyer Millar	4,480	6,000	—	—
J. H. G. Barnes	6,542	3,031	—	—
L. S. Payne	2,580	—	—	—
C. Roberts	13,806	4,813	—	—
R. A. Ingham	12,880	7,000	—	—
R. A. Clark	5,280	2,145	—	—
Sir James Spooner	—	—	2,078*	—

*as at the date of appointment on 5th March 1981

738,886 shares (1980 369,443) are duplicated under beneficial holdings.

Directors hold options to purchase 13,112 shares under the Company's Savings-Related Share Option Scheme and 935,872 shares under the Company's 1973 Share Option Scheme.

Certain of the above shareholdings are held by trustees of settlements, the trustees of which variously include H. O. N. & V. Trustee Limited and Vanheimer Trustee Limited (being trust companies owned by the partners of Herbert Oppenheimer, Nathan & Vandyk, the Company's solicitors), W. M. Pybus and W. Picton-Turbervill, partners of Herbert Oppenheimer, Nathan & Vandyk. No individual trust interest exceeds 5%, but at 7th April 1981 the total holdings of the trusts of which the above are trustees amounted to 12%, 11%, 10% and 9% respectively. As trustees and beneficially, S. D. Sainsbury and Lady (Robert) Sainsbury hold 15% and 5% respectively.

Loan Stock	Beneficial		Non-Beneficial	
	1981	1980	1981	1980
Sir John Sainsbury	50	50	455,000	455,000
T. A. D. Sainsbury MP	9,197	9,197	—	—
D. J. Sainsbury	—	—	2,095	2,095

Between 28th February 1981 and 7th April 1981 there were no changes in the Directors' interests.

Shareholders' Interests

Shareholdings Range

Shareholdings Range	Shareholders Number	%	Shares Number	%
100 and under	2,047	9.71	161,745	0.10
101 to 250	9,547	45.31	1,892,518	1.12
251 to 500	3,171	15.05	1,176,575	0.70
501 to 1,000	2,766	13.12	2,129,930	1.26
1,001 to 10,000	3,194	15.16	7,657,070	4.54
10,001 to 100,000	210	1.00	7,617,735	4.52
100,001 to 1,000,000	109	0.52	33,893,406	20.02
over 1,000,000	27	0.13	114,081,096	67.74
	<u>21,071</u>	<u>100.00</u>	<u>168,410,075</u>	<u>100.00</u>

Category of Shareholders

Pension Funds	50	0.24	10,259,052	6.09
Insurance Companies	79	0.37	9,638,973	5.72
Investment Trusts	25	0.12	975,512	0.58
Banks and Nominee Companies	412	1.96	18,571,720	11.03
Other Corporate Bodies	212	1.01	7,019,306	4.17
Other Shareholders	20,293	96.30	121,945,512	72.41
	<u>21,071</u>	<u>100.00</u>	<u>168,410,075</u>	<u>100.00</u>

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
7½% First Mortgage Debenture Stock 1987/92		7th March	7th September
8% Irredeemable Unsecured Loan Stock		1st March	1st September

2 Other Dates

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

Notice of Annual General Meeting

Notice is hereby given that the fifty-ninth Annual General Meeting of J Sainsbury Limited will be held at the Connaught Rooms, Great Queen Street, London WC2 on Wednesday the 1st day of July 1981 at 12 noon for the following purposes:

As ordinary business

- 1 To receive and adopt the Report of the Directors and the Accounts for the 52 weeks to 28th February 1981 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint Sir James Spooner a Director.
- 4 To appoint Mrs. Jennifer Jenkins a Director.
- 5 To re-appoint Clark Pixley as Auditors and to authorise the Directors to fix their remuneration.

By Order of the Board
N. F. Matthews
Secretary

7th May 1981

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 Directors and the Company.

