

**SAINSBURY'S**

**Annual Report  
& Accounts  
1975**

# J Sainsbury Limited Report and Accounts for the 52 weeks ended 8th March 1975

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## Joint Presidents

Lord Sainsbury of Drury Lane

Sir Robert Sainsbury

## Board of Directors

J. D. Sainsbury *Chairman*

S. D. Sainsbury *Deputy Chairman*

E. R. Griffiths *Deputy Chairman*

T. A. D. Sainsbury *MP*

B. T. Ramm

D. J. Sainsbury

G. C. Hoyer Millar

P. A. C. Snow

J. H. G. Barnes

L. S. Payne

C. Roberts

## Departmental Directors

C. W. Burdsey

R. A. Clark

R. G. Condict

H. Galazka

J. Gallacher

H. Haslam

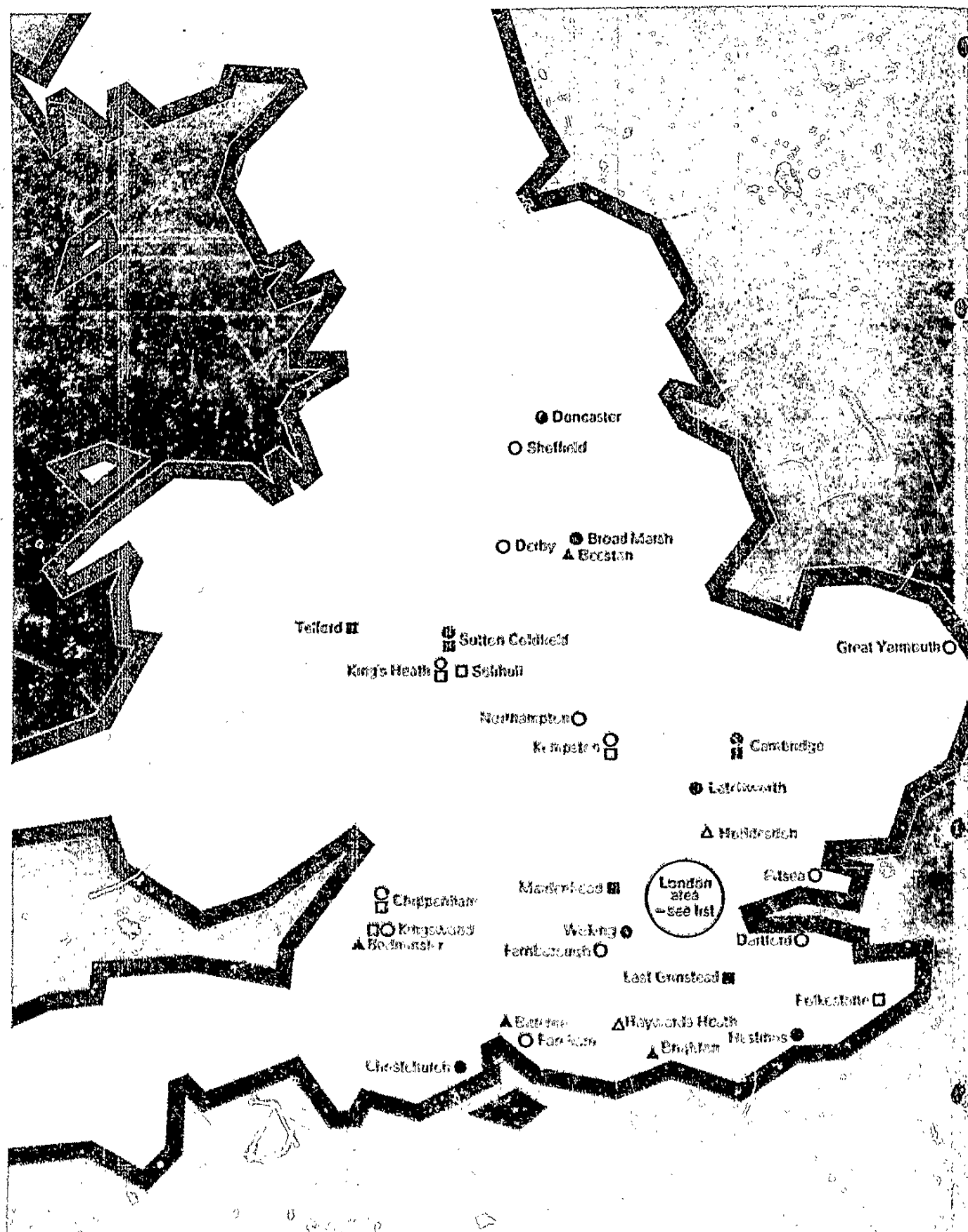
M. S. Hughes

R. A. Ingham

L. A. Lewis

G. A. Nichols

E. J. Russell



# Five Year Table

	1971	1972	1973	1974	1975
<b>Financial Summary</b>	£	£	£	£	£
Total Turnover	221,399,000	262,080,000	296,862,000	362,137,000	452,804,000
Profit before taxation	6,585,000	10,035,000	11,388,000	13,624,000	14,629,000
Taxation	2,507,000	4,094,000	4,510,000	7,280,000	7,766,000
Profit after taxation	4,078,000	5,941,000	6,878,000	6,344,000	6,863,000
Deduct extraordinary item	161,000	992,000	504,000	—	—
Net Profit	3,917,000	4,949,000	6,274,000	6,344,000	6,863,000
<b>Supermarket Statistics—year end</b>					
Total number of supermarkets*	112	125	138	154	163
Total sales area—sq. ft.	924,000	1,116,000	1,337,000	1,617,000	1,836,000
Average store size—sq. ft.	8,250	8,930	9,690	10,500	11,260

\*These figures do not include the Company's 24 self-service and partial self-service stores and 17 counter service shops.

● 1974/75  
Stores opened  
Christchurch  
Letchworth  
Sutton Coldfield  
Hastings  
Broad Marsh  
Doncaster  
Woking  
Coldham's Lane  
(Cambridge)

London Area  
East Ham  
Putney  
Chingford

○ 1975/76  
Stores opening  
Dartford  
Derby  
Kings Heath  
Chippenham  
Sheffield  
Fareham  
Kempston  
Central Northampton  
Farnborough  
Great Yarmouth  
Kingswood  
Pitsea

London Area  
Golders Green  
Lewisham  
Greenford  
Barkingside  
Watney Street

■ 1974/75  
Freezer Centres  
opened  
Southbourne  
East Grinstead  
Telford  
Sutton Coldfield  
Coldham's Lane  
(Cambridge)  
Maidenhead

London Area  
North Cheam  
Teddington

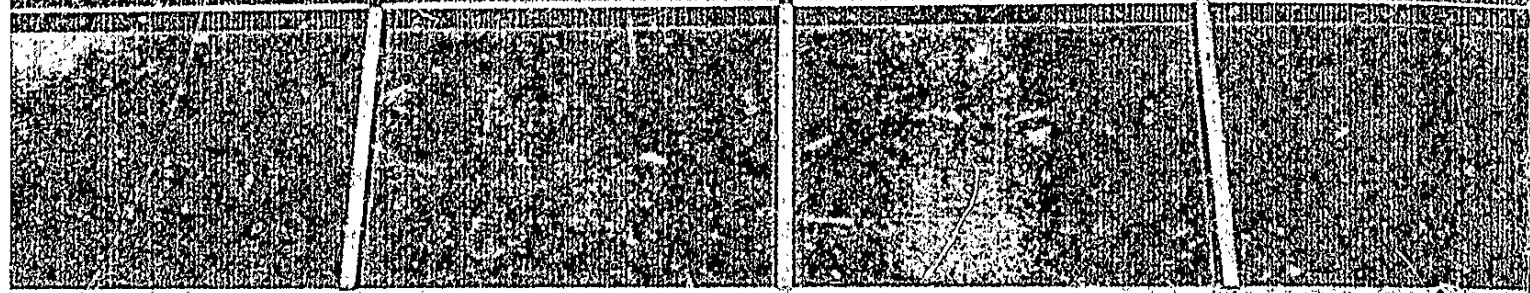
□ 1975/76  
Freezer Centres  
opening  
Solihull  
Kingswood  
Chippenham  
Kempston  
Kings Heath  
Folkestone  
Fareham

London Area  
East Dulwich  
Hayes End  
Barkingside

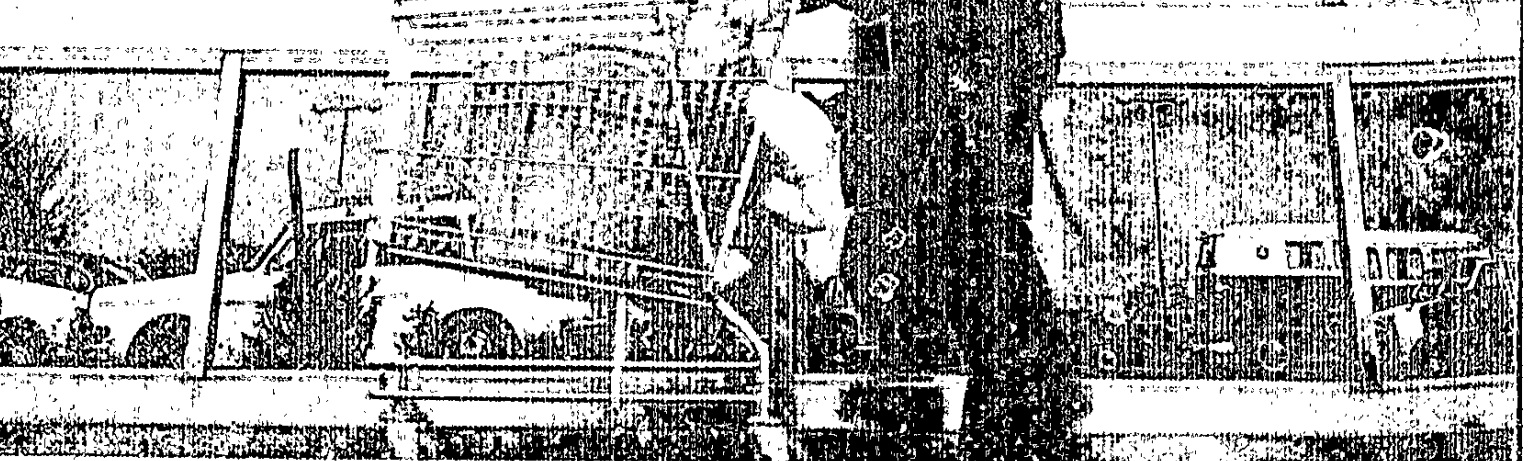
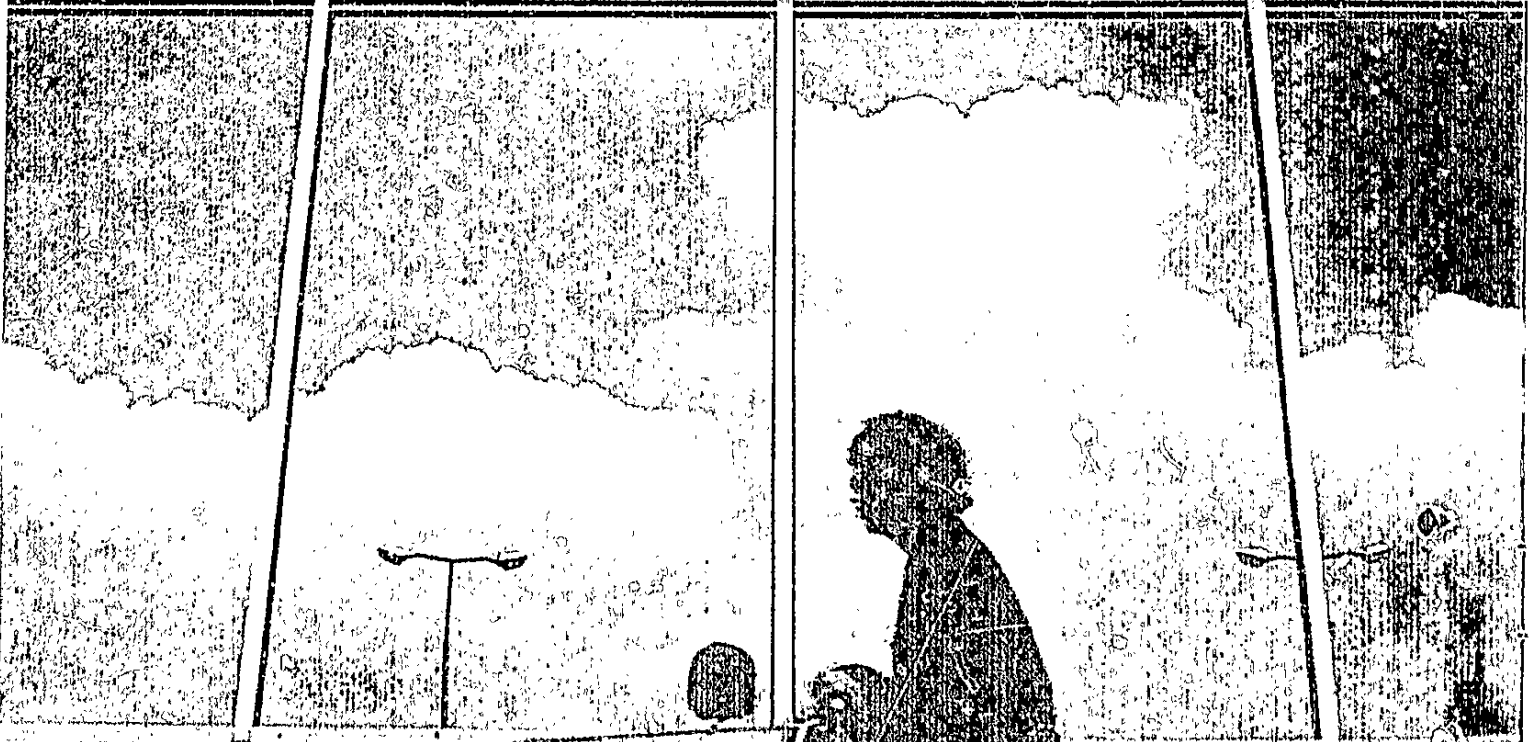
▲ 1974/75  
Extensions to  
Stores opened  
Brighton  
(London Road)  
Beeston  
Bedminster  
Bitterne

London Area  
North Cheam  
Shirley  
Forest Hill

△ 1975/76  
Extensions to Stores  
Hoddesdon  
Haywards Heath



# SAINSBURY



The year 1974/75 has been the most difficult trading year in the last 25 years, with the greatest rate of inflation in food prices and operating costs that we have ever experienced. Against this background, I am pleased to report that sales increased by 25% to £452.8 million and that we were able to increase our profit before tax by 7.4% to £14.6 million. The Directors are recommending a final dividend of 3p per share which, together with its associated tax credit, is equivalent to a gross dividend of 4.615p per share making a total for the year of 6.854p per share.

#### Effects of Controls on Profit and Investment

Within a few weeks of the start of the year the Price Commission ruled that the gross profit of food retailers should be reduced to 90% of the previous permitted level. This arbitrary action was taken despite the representations of all sections of the retail food trade, who were unanimous in forecasting a severe escalation in costs that in turn would result in a serious erosion of net profit in the industry if gross margins were not maintained. Events have proved the trade's forecast right and the Price Commission wrong. Retailers' costs did escalate in relation to food prices in a way that the Price Commission had refused to believe and the safeguard on net margins introduced in May, whereby net margins should not fall below 75% of the previous level, became, in effect, a ceiling for almost all companies, rather than a safety net for a few.

The figures published by the Price Commission prove the point, for, in the second and third quarters of 1974, reporting food retailers' net margins had fallen to 62% and to 57% of reference level compared to the "safety net" of 75%, and this situation would have been repeated in the fourth quarter but for the seasonal factor of Christmas. Our Company performance, measured in these terms was relatively satisfactory, for our retail net profit at 3.17% for the year as a whole was 83% of reference level compared to the recent Price Commission figure of 67% for reporting retailers in the first three quarters of our financial year. Against a background of the continued need for investment and inflation in excess of 20%, our performance was hampered in a way which results in it being unacceptable.

It would be some consolation if it could be

shown that the elaborate and legalistic bureaucracy of Price Control, set up by the last Government and made worse under the present, had had some significant benefit to the consumer. I estimate that the probable direct effect on food prices of the controls over food retailers amounts to no more than about  $\frac{1}{2}$ p in the £, for there is no doubt that competitive pressures in the difficult trading conditions of the day would have caused net margins to be depressed in any event.

The price paid by the food distributive industry, therefore, is quite out of proportion for such an insignificant difference to the consumer for it amounts to between 15 and 20% of the industry's net profit before tax. The harm that the enforced reduction in profit has caused will be felt over some years, for it has meant a slow down in many food retailers' investment plans which, in turn, will mean a delay in the lower prices for the consumer that modern retailing developments create. In our own case we have only been able to maintain our investment programme by a substantial increase in borrowings. While this short-term borrowing is well within the facilities available to us it is not a situation that can continue indefinitely, and we must look for further relaxation of price controls so that we can make more reasonable profits in order to maintain investment.

#### Market share maintained

Price controls and the growing interference of Whitehall have been only two of the problems that made 1974/75 such a difficult year. Greatest of all has been the increase in food prices and shortages that occurred in some important commodities—most notably, of course, sugar. The skills of our buyers in buying ahead meant that price increases were often delayed and shortages avoided and this put us in a particularly strong position during the early months of the year but at a cost of carrying high stocks. However, there was no way of avoiding the sugar shortage and there is no doubt that all large self-service retailers, during this period, had an impossible task in trying to share out available supplies fairly. The sugar crisis was, unfortunately, an example of the Government's lack of foresight in failing to anticipate the consequences of the diversion of supplies from our traditional suppliers to the world market. The shortage, initially, was caused



by this and not, as then alleged, by panic buying, which is the consequence not the cause of shortage.

In 1973/74 food prices nationally increased by 18% with the greatest increase in meat and meat products. During 1974/75 the increase again averaged 18% but this was held down by the subsidies on milk which does not have significant sales in supermarkets. Taking the range of food-stuffs stocked in supermarkets (i.e. leaving out the effect of subsidies on milk etc.) the increase was significantly greater, with very little change in meat prices, but very substantial increases in manufactured food-stuffs and imported canned goods. As the year progressed it was clear that the consumer was very naturally trading down or "beating the index" for national expenditure on food advanced only 14% in the last quarter of 1974, substantially less than the increase in the food section of the R.P.I. As I indicated in my interim statement, this reflected on the level of trade in the second half of the year compared with a particularly buoyant volume in the second half of 1973/74. Looking ahead, we anticipate a turnover increase for 1975/76 broadly in line with that which we enjoyed in the past year taken as a whole.

However, whilst consumer trading down had an adverse effect on our sales, there is every reason to believe we succeeded in maintaining or increasing our market share in almost all areas in which we trade. It was notable that this particularly difficult period of food trading came at a time when personal savings were at high levels (the fear of economic troubles ahead) and the consumer demand for non-foods particularly strong (the understandable reaction to the threat of ever higher prices).

#### **New stores this year**

During the year we opened a further 11 supermarkets, averaging 17,700 sq. ft. sales area, and made major extensions to 7 of our older stores as well as modernising certain other stores. Amongst the new supermarkets opened was one in Doncaster—our first in Yorkshire. Our expansion programme was affected by building delays, particularly the aftermath of the three day week and, of course, as always by what seems the ever lengthening delays in obtaining planning permission for new stores.

We also opened our first freezer centres and by the year end 8 were trading. This new development was most successful in offering a specialist service for which there continues to be increasing demand and we will pursue our programme of providing freezer centres or freezer departments wherever sufficient space exists in association with our new supermarkets.

Of the new supermarkets opened during the year, the most notable was our superstore on the outskirts of Cambridge. Not only was it the most successful opening we have ever achieved in terms of the number of customers and volume of trade, but it comes nearer to the ideal of the modern supermarket than any store we have built in the 25 years since we opened our first self-service store. The convenience of its location for both car borne shoppers and those living in that area of Cambridge is outstanding, as is its surface car park and the first ever Sainsbury petrol station, where we are selling 4-star petrol at a heavily discounted price.

This is edge of town trading as it should be. It is on a site that was a derelict industrial site, so no green field or green belt is touched and, furthermore, it is not in place of city centre development. We still have a modern store in the centre of Cambridge for those living near the centre or wishing to do their food shopping there. By any standards, this city centre supermarket is an excellent store, but our edge of town Cambridge branch has considerable advantages over it. These include more space and comfort for the customers, a big range from which to choose, lower operating costs and thus lower prices than the city centre on a number of important products. Over and above these advantages our edge of town store occupies far less valuable land and cost far less to build per sq. ft. than city centre stores. Finally, its presence on the outskirts of the city does much to lessen the heavy traffic congestion in the centre of Cambridge.

#### **Planning frustrations**

It is particularly frustrating for those whose job it is to devise and develop more efficient methods of food retailing, and who are prepared to invest in what is surely a national need, that the economics and advantages to the consumer of edge of town stores are so little recognised by town

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Self Service

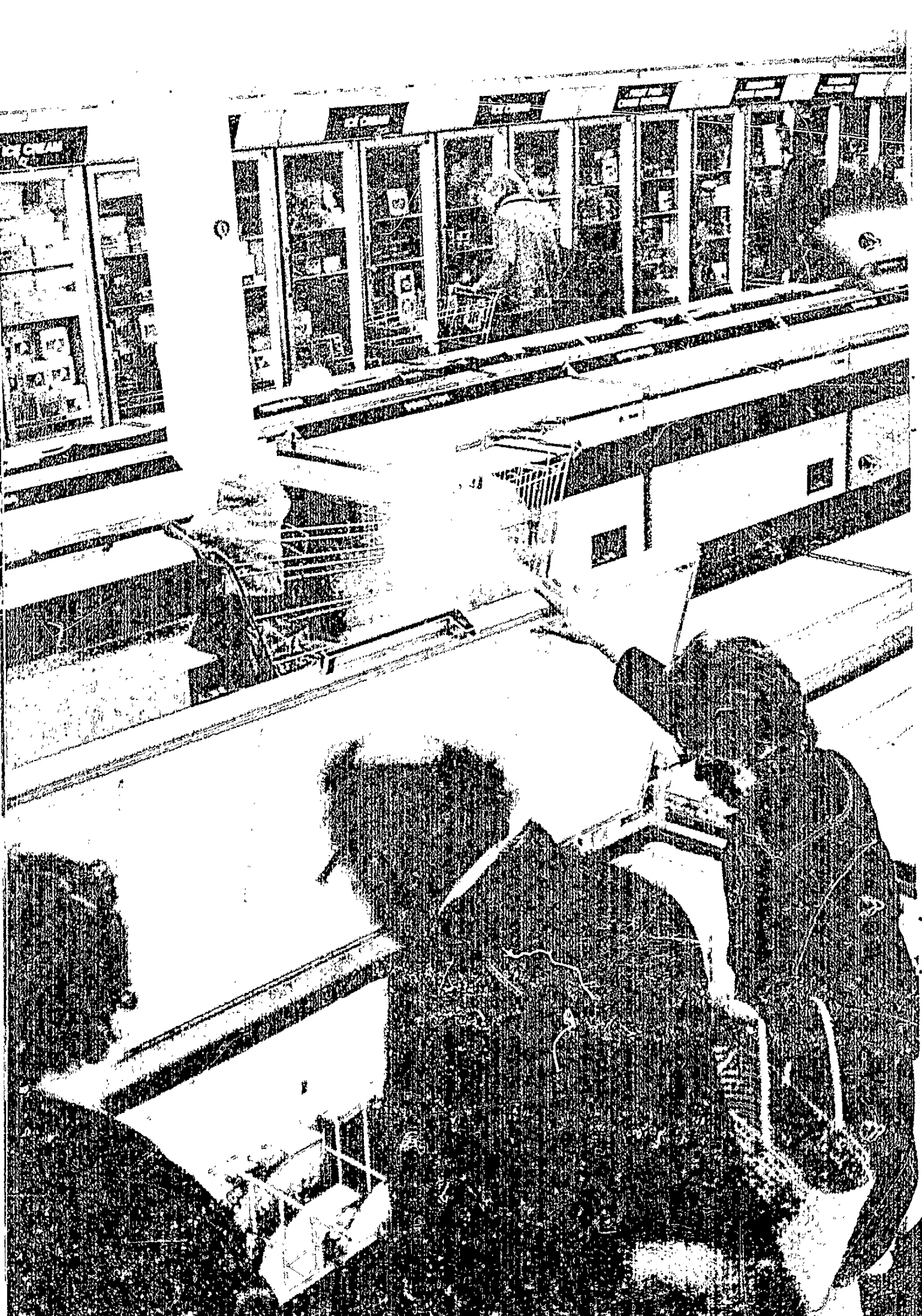
4 star

68

Cash sales

PETROLEUM  
HIGHLY  
BLEND  
ING  
OFF





planners. Year after year I have drawn attention to this, but each year there are yet greater planning delays and more unreasonable refusals of proposals for new developments.

Planning authorities too often are fearful of change and over concerned with the vested interest of the status quo. Their attitude costs the country dearly in slowing up or preventing improvements in a sector of the economy that is of vital interest to every family in the country. Contrast what has happened here with other countries of Europe. In the last decade, from being 20 years behind us they have jumped ahead in the number and efficiency of the latest food retailing developments.

The cost of distribution is, for the consumer, an inseparable part of the cost of the goods she buys. New investment reduces distribution costs and thus must be in the national interest. As modern retailing reduces the cost of living, it is surprising that Governments over the last decade have failed to give any active encouragement to investment in modern retailing, particularly in the essential area of food retailing. Quite apart from planning problems, there is discrimination in the tax system against retailing inasmuch as no capital allowances are available on shop development. Too often private industry is accused by Government of lack of enterprise or willingness to invest in the future. The food distributive industry has shown itself capable of enterprise and innovation and willing to invest, only to be handicapped by profit restriction and frustrated by the refusal of so many planners to recognise the needs of change.

#### Planned expansion

Nowhere is a change in attitude to approving proposals for new development more important than in relation to the recent announcement of the new joint company with British Home Stores to develop hypermarkets. This important new dimension to our expansion plans will only succeed if it proves possible to obtain planning permission for the hypermarkets with sales areas of 50,000 sq. ft. and upwards. We believe that, in addition to the development of new supermarkets in city centres, on edge of town or in district centres there is also the need for larger stores carrying a wider range of

non-foods than is possible in a supermarket and having, through their scale and location, very substantial economies in operation.

These economies mean considerably lower prices to the consumer right across the range of goods sold without any lowering of quality standards. It is to be the policy of the new company to maintain the same standards of quality for food as in a J.S. supermarket and the same quality for textiles as in British Home Stores. While the new company will operate as an independent entity it will be backed by the buying resources and knowledge of the parent companies, thus bringing a unique degree of quality to British hypermarket trading.

The programme of supermarket expansion during 1975/76 is to open 17 new stores, 3 of which will replace out-of-date supermarkets. The average size of the new stores will be in excess of 19,500 sq. ft. (compared to 17,700 sq. ft. in 1974/75), and will include our largest store to date at Kempston on the edge of Bedford. This 35,000 sq. ft. superstore will offer similar facilities for our Bedford customers as those we have provided at Cambridge and, like Cambridge, we will continue to trade in the town centre. However, it will be nearly 50% larger and it will contain a number of new departments not previously seen in a Sainsbury supermarket as well as textiles and hardware which I reported on last year and which have proved a very successful extension to our range.

#### Associated Companies

Both Sainsbury-Spillers and Haverhill Meat Products suffered very difficult trading conditions in the year. Feedingstuff for poultry and egg production were at an average level of almost 50% above the previous year whilst overproduction held down poultry and egg prices. As a result, therefore, it was to the credit of Sainsbury-Spillers that, while it suffered a large downturn compared to the previous year, a modest profit was achieved. This augurs well for the future and we will continue to depend on Sainsbury-Spillers as our principal supplier of fresh poultry and eggs. From 1st April, 1975 we increased our equity share in the company from 26% to 40% when Sainsbury-Spillers purchased further processing facilities in Yorkshire.

Last year I expressed considerable anxiety over the uneconomic position of pig

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producers. As I foretold, this has resulted in reduced pig production and higher prices to the consumer. The full effect has still not been felt, but did influence the level of production at Haverhill Meat Products, especially during the second half of the year. However, despite this there has been a welcome turn round in profitability at H.M.P. during this second year of its enlarged capacity. The much reduced level of pig production in the country is bound to make 1975/76 an even more difficult year, however, and losses may be unavoidable.

#### **Membership of European Community**

I should like to take this occasion to record the Board's conviction that Britain should remain a member of the European Community. Whilst believing this is in the interests of our country for long term political, social and economic reasons, we also believe it to be in the interest of our customers as consumers, our shareholders as investors and our staff as employees. This is not only because of the disastrous consequences that would befall our economy if we withdrew and the fact that over 40% of our food was imported from the Community last year, but, more specifically, for a company engaged in food distribution, the degree to which the nation's food supplies would be jeopardised at times of world shortage in the future if this country was unwise enough to go it alone and leave Europe.

#### **Board changes**

I was pleased to be able to announce on 10th March the appointments of Mr. E. R. Griffiths as a second Deputy Chairman and Mr. C. Roberts to the Board as Joint Marketing Director. Consequent upon these two appointments, Mr. E. J. Russell was appointed a Departmental Director and successor to Mr. Roberts as Director of the Grocery Division and Mr. R. A. Clark Departmental Director in the Personnel Division.

Mr. Griffiths joined the Board in 1965 as Personnel Director. As a Deputy Chairman he will continue to carry Board responsibility for the Personnel Division, but will also assist me in co-ordinating the Company's operational and administrative activities.

Earlier in the year I was pleased to announce the appointment of Mr. L. S. Payne as Director of Distribution in succession to

Mr. G. C. Hoyer Millar who assumed Mr. Timothy Sainsbury's executive responsibilities for the Company's development programme. Prior to joining the Board, Mr. Payne was a Vice Chairman of the National Freight Corporation.

#### **Our thanks to Suppliers**

There has never been a year when the customary tribute to our suppliers has been more deserved. They suffered the problems of shortages and the massive escalation of raw material prices while, at the same time, being subject to most unreasonable price controls. Our food manufacturing industry is unrivalled in Europe. This is a result of many years of investment and trading generally at keen margins of profit. The restraints they have also been subject to have, in a year, done much to weaken the long-term strength of this key industry and has done damage to its pre-eminent position in Europe. In these circumstances we are more than ever appreciative of the service and the support we have received from our suppliers.

Whilst our overseas suppliers have not suffered in the same way as ourselves they have experienced unprecedented difficulties in this inflationary period and we are also deeply grateful for their help and support during the year.

#### **A tribute to Staff**

Finally, I wish to pay a heartfelt tribute to all those staff whose hard work, enthusiasm and belief in what our Company stands for has made possible the year's results. Particularly, I should like to single out for praise the patience and courtesy shown to customers by our staff despite the everyday pressures and difficulties, especially marked during the recent period of inflation and shortages. Our shop staff give an exceptionally high standard of service and generally maintain a real understanding and a considerate attitude towards our customers, which does much to enhance our goodwill.

John Sainsbury *Chairman*  
6th June 1975

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Profits and Dividends

The profit after taxation was £6,863,000, details of which are shown on page 13.

The Directors are proposing the payment of a final dividend of 3p per share on 31st July 1975 to shareholders on the register at 4th June 1975. Together with its associated tax credit this dividend is equivalent to a gross dividend of 4.615p per share and makes a total gross dividend for the year of 6.854p per share.

Share Capital

During the year shareholders were offered the opportunity to receive their final dividend for the 52 weeks to 9th March 1974 and their interim dividend for the current year in the form of fully paid ordinary shares. As the result of elections received by the Company, 1,094,078 ordinary shares were issued on 22nd July 1974 and a further 1,142,144 ordinary shares were issued on 31st January 1975.

On 8th November 1974 the Company granted options over 1,148,523 ordinary shares at an option price of 80p per share to 1,255 employees under the Savings Related Share Option Scheme which was adopted by shareholders at the Annual General Meeting in 1974.

Fixed Assets

Freehold and leasehold properties, other than sites, properties under construction and certain non-trading properties, were revalued at open market value at 10th March 1973. This revaluation was included in the accounts at that date and additions since that date have been included at cost. The Directors are of the opinion that taken overall the total market value of the Company's properties is not materially different from the book value at 8th March 1975.

The movements of fixed assets are set out in Note 5 to the Accounts.

Principal Activity

The principal activity of the Company is the retail distribution of food. There are no exports.

Employees

The average number of employees was 15,571 full-time and 15,575 part-time and their aggregate remuneration was £41,537,000.

Donations

Donations to charitable organisations amounted to £90,000 and to political parties nil.

Directors

The Directors are as shown on page 1. Apart from J. A. Sainsbury, who retired on the 26th June 1974, L. S. Payne, who was appointed on the 1st October 1974 and C. Roberts, who was appointed on the 10th March 1975, all Directors held office throughout the year. All Directors hold executive office and therefore are not subject to retirement by rotation but in accordance with the Articles of Association, Resolutions will be submitted to the Annual General Meeting for the re-appointment of L. S. Payne and C. Roberts.

No Directors were interested in any contracts subsisting during or at the end of the financial year.

Directors' Interests

The number of ordinary shares and units of loan stock held by Directors and their families at 8th March 1975 are shown on page 22.

Auditors

Clark, Batters & Co., Chartered Accountants, are willing to continue in office and a Resolution authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board  
S W J Parker  
Secretary

# 14 Balance Sheet 8th March 1975

	Note	1975 £000	1974 £000
<b>Capital Employed</b>			
Share Capital	1	20,734	20,175
Reserves	2	93,301	90,646
		<u>114,035</u>	<u>110,821</u>
Loan Capital	3	6,407	6,538
Deferred Taxation	4	21,926	10,648
		<u>142,368</u>	<u>128,007</u>
<b>Represented by</b>			
Fixed Assets	5	151,540	132,633
Subsidiary and Associated Companies	6	3,140	3,040
Current Assets	7	43,806	38,201
		<u>198,486</u>	<u>173,874</u>
Less Current Liabilities	8	56,118	45,867
		<u>142,368</u>	<u>128,007</u>

Notes on pages 14 to 21 form part of these accounts

John Sainsbury *Director*

Simon Sainsbury *Director*

CERTIFIED TO BE A TRUE COPY OF THE BALANCE SHEET  
AS AT 31st March 1975 AND OF THE AUDITOR'S REPORT  
THEREON AND OF THE REPORT OF THE DIRECTORS WHICH  
ACCOMPANIED IT.

*John Sainsbury* DIRECTOR.  
*Simon Sainsbury* SECRETARY.



## Profit and Loss Account

For the 52 weeks to 8th March 1975

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	Note	1975 £000	1974 £000
Turnover—includes VAT £7.3m (£4.1m)		452,804	362,137
Profit before Taxation	9	14,337	13,542
Associated Companies—Share of Profit	6	292	82
		14,629	13,624
Taxation	10	7,766	7,280
Profit after Taxation		6,863	6,344
Dividends	11	2,843	2,669
Profit Retained	2	4,020	3,675
Earnings per Share		8.42p	7.86p

Notes on pages 14 to 21 form part of these accounts

### Auditors' Report

To the Members of J Sainsbury Limited

In our opinion the accounts set out on pages 12 to 21 give a true and fair view of the state of the Company's affairs at 8th March 1975 and of the profit for the period ended on that date and comply with the Companies Acts 1948 and 1967.

Clark, Ballans & Co

Chartered Accountants

London

22nd May 1976

## **Accounting Policies**

### **Turnover**

Turnover consists of sales through retail outlets. Other income including rentals is immaterial and not included in turnover.

### **Taxation**

i) Corporation Tax is based on the profits attributable to the year.

ii) Deferred Taxation is provided at current rates on the excess of aggregate book values of plant, equipment and vehicles over their corresponding tax written down values. Adjustments to restate the provision on changes in the rates of Corporation Tax are transferred to or from reserves.

iii) No provision is made for any potential liability to Corporation Tax on capital gains deferred under the provisions of Section 33 of the Finance Act 1965 in respect of net gains arising on the disposal of assets subsequent to 6th April 1965.

### **Depreciation**

No depreciation is provided on freehold properties or long leaseholds with more than 50 years unexpired except where in the Directors' opinion circumstances require specific depreciation.

Other fixed assets are depreciated to write off their cost as follows:

i) Leasehold properties, with less than 50 years unexpired, in equal annual instalments over the unexpired period of the lease.

ii) Plant, equipment and vehicles in equal annual instalments not exceeding 15 years and commencing in the accounting year following purchase.

### **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.

### **Research**

Research and Development expenditure is written off as incurred against the profits of the year.

### **Associated Companies**

Associated Companies are those shown on page 18. An Associated 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 taxation and on the weighted average of ordinary shares in issue during the financial year. Comparative figures are adjusted for capitalisation issues.

## Notes on the Accounts

### 1 Share Capital

	£000
Ordinary Shares of 25p each	
Authorised—100,000,000 Shares	25,000
Issued at 9th March 1974	20,175
Capitalisation of reserves in respect of scrip dividends during the year (i)	559
Issued at 8th March 1975— 82,935,226 Shares Fully Paid	20,734

i) During the year £559,055 of the Company's reserves was capitalised, this amount being equal to the aggregate nominal amount of the shares issued to members who elected to take all or part of their dividends in the form of shares, and was applied in paying up these shares in full at par. Of this amount £370,298 was capitalised from the Company's Share Premium Account, the remaining £188,757 being capitalised from general reserves.

ii) Under the Company's Savings-Related Share Option Scheme, certain employees hold options to purchase 1,144,083 ordinary shares at 80p per share. The options were granted on 8th November 1974 and may not be exercised before 8th November 1979.

### 2 Reserves

	Company £000	Associated Companies £000	Total £000
<b>Share Premium</b>			
Balance 9th March 1974	370	—	370
Scrip Issue (Note 1)	(370)	—	(370)
<b>General</b>			
Balance 9th March 1974	89,785	491	90,276
Profit retained	3,920	100	4,020
Dividends declared but not taken in cash in respect of previous year	1,395	—	1,395
Scrip Issue (Note 1)	(189)	—	(189)
Transfer to: Deferred Taxation	(63)	—	(63)
Fixed Assets (Note 5)	(2,139)	—	(2,138)
Balance 8th March 1975	92,710	591	93,301

### 3 Loan Capital

	1974 £000	1975 £000
6½% First Mortgage Debenture Stock 1988/93	2,648	2,737
7½% First Mortgage Debenture Stock 1987/92	848	887
Accrued Interest	46	49
8% Irredeemable Unsecured Loan Stock	2,865	2,865
	<u>6,407</u>	<u>6,538</u>

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

- i) By redemption at par within five years of the terminal date.
- ii) 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 8th March 1975 have been met in this way.

### 4 Deferred Taxation

	£000
Balance 9th March 1974	10,648
Current tax deferred through stock relief provisions	<u>4,774</u>
Adjusted balance 9th March 1974	15,422
Transfer from: Reserves	63
Profit and Loss Account	6,662
Advance Corporation Tax recoverable	<u>(221)</u>
	<u>21,926</u>

The current taxation deferred by reason of the stock relief provisions at the 8th March 1975 amounted to £7,850,000.

## 5 Fixed Assets

	Land and Buildings £000	Plant Equipment & Vehicles £000	Total £000
<b>Cost or Valuation</b>			
At 9th March 1974	103,403	47,739	151,142
Additions	15,605	10,517	26,122
Transfer from Reserves (i)	—	(4,107)	(4,107)
Disposals	(222)	(1,521)	(1,743)
At 8th March 1975	<u>118,786</u>	<u>52,628</u>	<u>171,414</u>
<b>Depreciation</b>			
At 9th March 1974	160	18,349	18,509
Provided in the Year	128	4,308	4,436
Transfer from Reserves (i)	—	(1,969)	(1,969)
Disposals	(10)	(1,092)	(1,102)
At 8th March 1975	<u>278</u>	<u>19,596</u>	<u>10,874</u>
<b>Net Book Value</b>			
At 8th March 1975	<u>118,508</u>	<u>33,032</u>	<u>151,540</u>
At 9th March 1974	<u>103,243</u>	<u>29,390</u>	<u>132,633</u>

i) With effect from 10th March 1973, certain expenditure on property assets, on which no taxation relief is obtainable and which previously had been designated Plant, has been re-designated Buildings. Since that date this expenditure has been treated as Buildings.

The residue of this expenditure which would have been depreciated in the future has been written off against Reserves. Depreciation for the year ended 9th March 1974 amounting to £315,000 has been written back.

ii) Certain Freehold and Leasehold properties were revalued at open market value on the 10th March 1973, by Messrs. Healey and Baker, and/or Messrs. G. L. Hearn and Partners.

### Land and Buildings

	Total £000	Freehold £000	Long Leasehold £000	Short Leasehold £000
At 8th March 1975				
Included at Valuation	87,008	60,414	23,839	2,753
Included at Cost	<u>31,780</u>	<u>15,349</u>	<u>15,892</u>	<u>539</u>
	<u>118,786</u>	<u>75,763</u>	<u>39,731</u>	<u>3,292</u>



## 6 Subsidiary and Associated Companies

### Subsidiary Companies

J Sainsbury (Properties) Limited  
The Cheyne Investments Limited } The Company holds  
100% of the Ordinary shares

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

	£000
Shares at Cost	4,217
Amounts owing on current account	(4,217)

The subsidiary companies did not trade during the financial year.

### Associated Companies

Haverhill Meat Products Limited:  
500,000 "B" Ordinary shares of £1 each

50%

Sainsbury-Spillers Limited:  
6,000 "A" Ordinary shares of £1 each

26%

Kings Reach Investments Limited:  
28,760 Ordinary shares of 1p each

29%

	1975 £000	1974 £000
Shares at Cost	1,100	1,100
Advances	1,449	1,449
Share of retained profits and reserves	591	491
	<u>3,140</u>	<u>3,040</u>

The proportion of the profits and losses attributable to the Company and the reserves included in the balance sheet are taken from the latest Directors' accounts produced within six weeks of the end of the financial year. The accounts of Kings Reach Investments Limited have not been consolidated because in the Directors' view this would be misleading as its development is not completed.

A dividend of £38,000 has been received by J Sainsbury Limited out of the above reserves.

The principal country of operation of all subsidiary and associated companies is England.

On the 1st April 1975 J Sainsbury Limited subscribed for 5,333 non-voting "C" shares in Sainsbury-Spillers Limited at a total subscription price of £533,300.

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**7 Current Assets**

	1975 £000	1974 £000
Stocks	34,080	28,206
Debtors	4,885	2,772
Cash	4,841	7,223
	<u>43,806</u>	<u>38,201</u>

**8 Current Liabilities**

	1975 £000	1974 £000
Creditors and Accrued Charges	28,043	24,356
Bank Overdrafts and Unpresented Cheques	25,497	14,938
Taxation	90	4,475
Dividends (Note 11)	2,488	2,098
	<u>56,118</u>	<u>45,867</u>

**9 Profit Before Taxation**

	1975 £000	1974 £000
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The Profit before taxation has been arrived at after:

Charging		
Depreciation	4,436	4,206
Debenture Interest	236	242
Loan Stock Interest	229	221
Bank and Other Interest	1,100	139
Directors' Emoluments (Note 12)	185	158
Auditors' Remuneration	28	28

Crediting		
Profit on Redemption of Debentures	66	22
Interest	67	665

i) The amount of profit for the year after taxation dealt with in the accounts of Sainsbury Limited was £6,763 000.

ii) The comparative figures for the Profit before Taxation include the results of the subsidiary companies to the date of cessation of trading.

## 10 Taxation

1975 1974  
£000 £000

Based on profits for the year at 52% (1974 51.3%)

Corporation Tax	950	—
Deferred Taxation (Note 4)	6,662	7,239
Share of Associated Companies' Taxation	154	41
	<u>7,766</u>	<u>7,280</u>

The comparative figures have been adjusted to take account of stock relief.  
The Company is a 'close company' under the terms of the Taxes Act 1970.

## 11 Dividends

1975 1974  
£000 £000

Interim of 1.5p per share (gross equivalent 2.239p)	355	1,130
Proposed Final	2,488	2,098
Amounts Waived	—	(559)
	<u>2,843</u>	<u>2,669</u>

The interim dividend was paid in cash on 23,669,000 shares. Certain shareholders elected to take all or part of their dividend in the form of fully paid ordinary shares (Note 1). The proposed final dividend of 3p per share is equivalent to 4.615p gross. On payment of the proposed final dividend, advance corporation tax not exceeding £1,340,000 which has not been provided in the accounts, will be payable.

## 12 Directors' Emoluments

1975 1974  
£ £

Fees	—	1,000
Other remuneration	165,000	157,000
	<u>165,000</u>	<u>158,000</u>

### Chairman

22,000 20,000

Emoluments of all Directors fall within the following ranges:

	1975	1974
£ 5,001—£ 7,500	1	—
£ 7,501—£10,000	2	—
£10,001—£12,500	—	1
£12,501—£15,000	2	2
£15,001—£17,500	1	5
£17,501—£20,000	4	—
£20,001—£22,500	1	2

### 13 Employees' Emoluments

The number of employees whose total remuneration exceeded £10,000 was as follows:

	1975	1974
£10,001—£12,500	9	—
£12,501—£15,000	1	—
£17,501—£20,000	2	2

### 14 Future Capital Expenditure

	1975 £000	1974 £000
Contracted for but not provided for in the accounts	16,000	14,000
Authorised to date by Board of Directors but not contracted for	12,000	11,500

### 15 Contingent Liabilities

i) The Company has guaranteed, or undertaken to provide, facilities for Associated Companies to the extent of £6,651,000 (1974 £6,651,000). Other contingent liabilities are estimated at £356,000 (1974 £325,000).

ii) No provision has been made for any tax on capital gains in the event of future sales of properties at the valuations at which they are included in these accounts as it is considered that any notional liability would be subject to deferment under the provisions of Section 33, Finance Act 1965. If all the properties were to be disposed of in the year ending March 1976 for consideration equivalent to the said valuations, and were not replaced, the maximum possible taxation liability could be £16.5 million (1974 £16.5 million) based on a rate of 30%.

## Directors' Interests

### Ordinary Shares

	Beneficial		Non-Beneficial	
	1975	1974	1975	1974
J. D. Sainsbury	9,499,741	10,054,462	172,000	24,000
S. D. Sainsbury	7,400,000	8,000,000	7,957,471	7,588,692
E. R. Griffiths	16,277	17,100	—	—
T. A. D. Sainsbury MP	8,643,558	8,959,677	1,002,000	1,004,000
B. T. Ramm	24,018	23,100	—	—
D. J. Sainsbury	26,566,486	21,131,302	150,000	150,000
G. C. Hoyer Millar	26,845	26,375	—	—
P. A. C. Snow	23,186	22,300	—	—
J. H. G. Barnes	15,931	15,600	—	—

369,443 shares (1974 355,300) are duplicated under beneficial holdings; 2,000 shares (1974 4,000) are included three times under non-beneficial holdings; 150,000 shares (1974 nil) are duplicated under non-beneficial holdings; and 7,689,970 shares (1974 7,471,420) under beneficial holdings are duplicated under non-beneficial holdings.

### Loan Stock

	Beneficial		Non-Beneficial	
	1975	1974	1975	1974
J. D. Sainsbury	39,683	39,683	455,000	455,000
S. D. Sainsbury	—	—	541,874	541,874
T. A. D. Sainsbury MP	9,197	9,197	—	—
D. J. Sainsbury	—	—	2,095	2,095

455,000 (1974 455,000) units of loan stock are duplicated under non-beneficial holdings; and 48,780 (1974 48,780) units of loan stock under beneficial holdings are duplicated under non-beneficial holdings.

In addition to the Directors' Interests shown above each of J. D. Sainsbury, S. D. Sainsbury and T. A. D. Sainsbury has a contingent interest in 382,410 (1974 372,040) ordinary shares, 117,501 (1974 117,272) of which are duplicated under non-beneficial holdings; D. J. Sainsbury has a contingent interest in 193,169 (1974 187,072) ordinary shares; and J. D. Sainsbury's and T. A. D. Sainsbury's children have a contingent interest in 7,024,453 (1974 6,765,517) ordinary shares of which 4,595,489 (1974 nil) are duplicated under beneficial interests.

J. D. Sainsbury, S. D. Sainsbury, T. A. D. Sainsbury and D. J. Sainsbury have a contingent interest in 91,000 (1974 91,000) units of loan stock and J. D. Sainsbury and T. A. D. Sainsbury have a contingent interest in a further 18,200 (1974 18,200) units of this stock.

Certain Directors hold options to purchase shares under the Company's Savings-Related Share Option Scheme. They are E. R. Griffiths, 925 shares, B. T. Ramm, 1850 shares, P. A. C. Snow, 1850 shares and L. S. Payne, 1850 shares.

Between the 6th March 1975 and 7th May 1975 there have been no changes in the Directors' Interests shown above.



## Shareholders' Interests

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Shareholdings Range	Shareholders Number	%	Shares Number	%
100 and under	12,649	44.0	1,140,020	1.4
101 to 250	10,152	35.3	1,393,563	1.7
251 to 500	2,722	9.4	1,015,770	1.2
501 to 1,000	1,680	5.9	1,139,220	1.4
1,001 to 10,000	1,372	4.8	3,574,239	4.3
10,001 to 100,000	123	.4	3,986,532	4.8
100,001 to 1,000,000	40	.1	13,699,236	16.5
over 1,000,000	12	.1	56,986,646	68.7
	<u>28,750</u>	<u>100.00</u>	<u>82,935,226</u>	<u>100.00</u>

### Category of Shareholders

Pension Funds	43	.1	941,043	1.2
Insurance Companies	27	.1	3,083,060	3.7
Investment Trusts	12	.1	102,406	.1
Banks and Nominee Companies	289	1.0	3,914,291	4.7
Other Corporate Bodies	149	.5	771,901	.9
Other Shareholders	28,230	98.2	74,122,525	89.4
	<u>28,750</u>	<u>100.00</u>	<u>82,935,226</u>	<u>100.00</u>

Other than the holdings set out under Directors' Interest on page 22, the Directors are not aware that any other person holds 10% or more of the share capital of the Company on 8th March 1975.

## Financial Calendar

### 1 Dividend and Interest Payments

Ordinary dividend:	Interim Announced: Final Proposed:	November May	paid: January 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 Results

For half-year:	Announced November
For the year:	Announced May
Report and Accounts:	Circulated June
Annual General Meeting:	July

## Notice of Annual General Meeting

Notice is hereby given that the fifty-third Annual General Meeting of J Sainsbury Limited will be held at Connaught Rooms, Great Queen Street, London W.C.2. on Wednesday, the 27th day of July 1975 at 12 noon for the following purposes:

- 1 To receive and adopt the Report of the Directors and the Accounts for the 52 weeks ended 8th March, 1975 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint as directors
  - i) Mr. L. S. Payne
  - ii) Mr. C. Roberts
- 4 To authorise the directors to fix the remuneration of the Auditors.

By order of the Board  
S W J Parker  
Secretary  
6th June 1975

### 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, 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.

