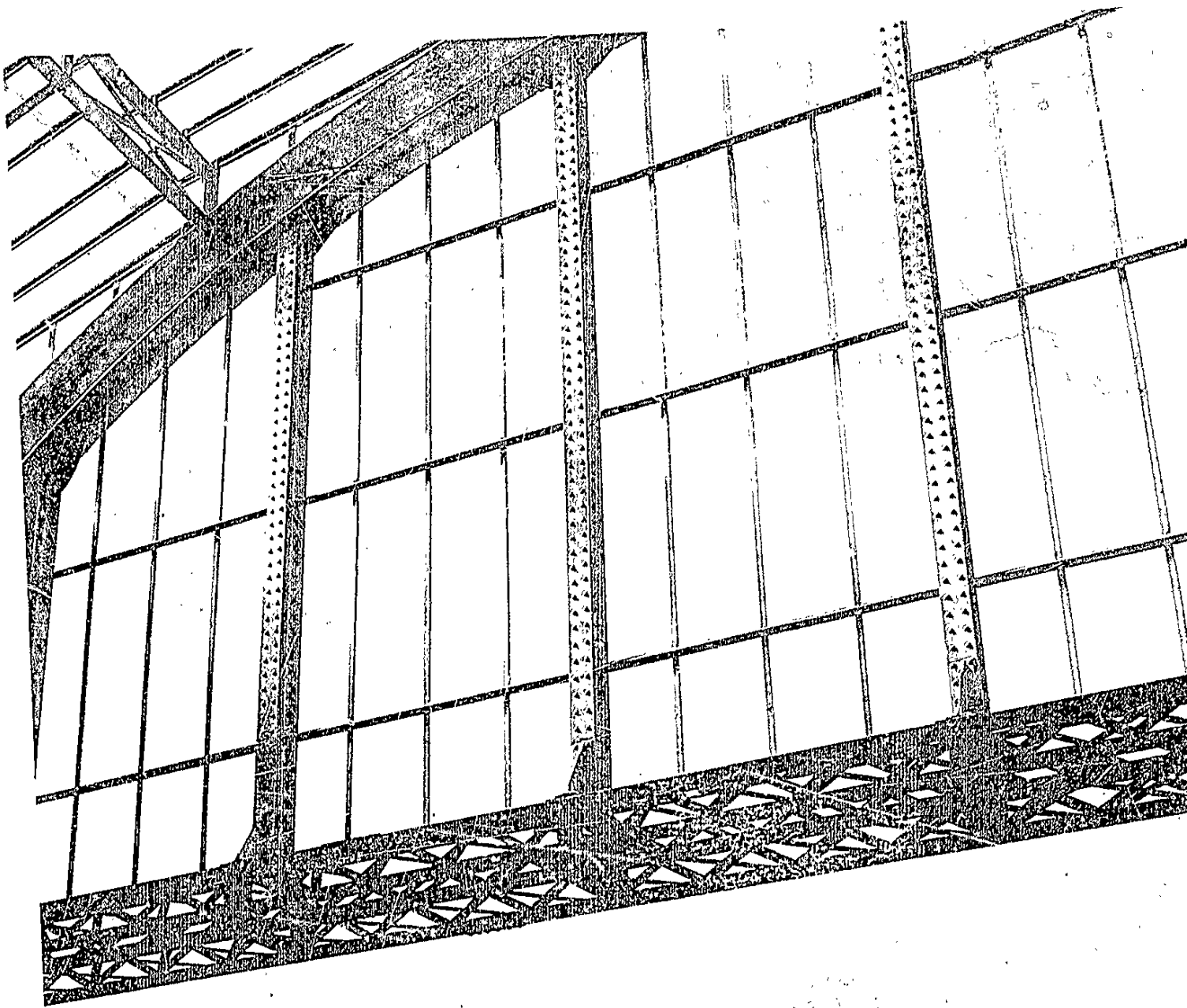


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SAINSBURY'S

annual report and accounts 1983





Sainsbury's Annual Report and Accounts 1983

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

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

The photographs on both the front and back inside covers are of the new Bath supermarket and the restored Green Park Station. The inset shows the Station as it was in 1979.

Joint Presidents

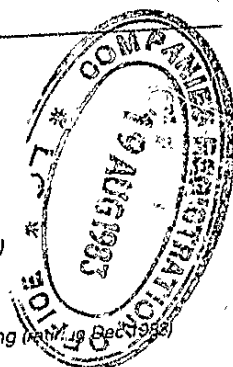
Lord Sainsbury of Drury Lane
Sir Robert Sainsbury

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

Departmental Directors

F. R. Bumstead *Non-Foods Buying*
C. W. Burdsey *Property (retiring Aug 1983)*
E. A. Q. Davidson *Treasurer*
N. A. Franks *Property*
H. Galazka *Pork and Pork Products Buying (retiring Dec 1983)*
J. G. Grindle *Retail Operations*
M. S. Hughes *Bacon and Pork Products Buying (effective Jan 1984)*
A. L. Jacobs *Data Processing*
R. Linfield *Architects and Engineering*
R. McLaren *Dairy and Frozen Foods Buying*
D. A. Males *Retail Operations*
A. R. Mathias *Distribution*
N. F. Matthews *Company Secretary*
M. D. Morgan *Grocery Buying*
F. E. Netscher *Chief Accountant*
G. A. G. Nichols *Grocery Administration*
Dr. R. Spencer *Director of Scientific Services*
O. R. Thomas *Personnel*
R. P. Whitbread *Marketing*
K. C. Worrall *Meat and Poultry Buying (effective Dec 1983)*

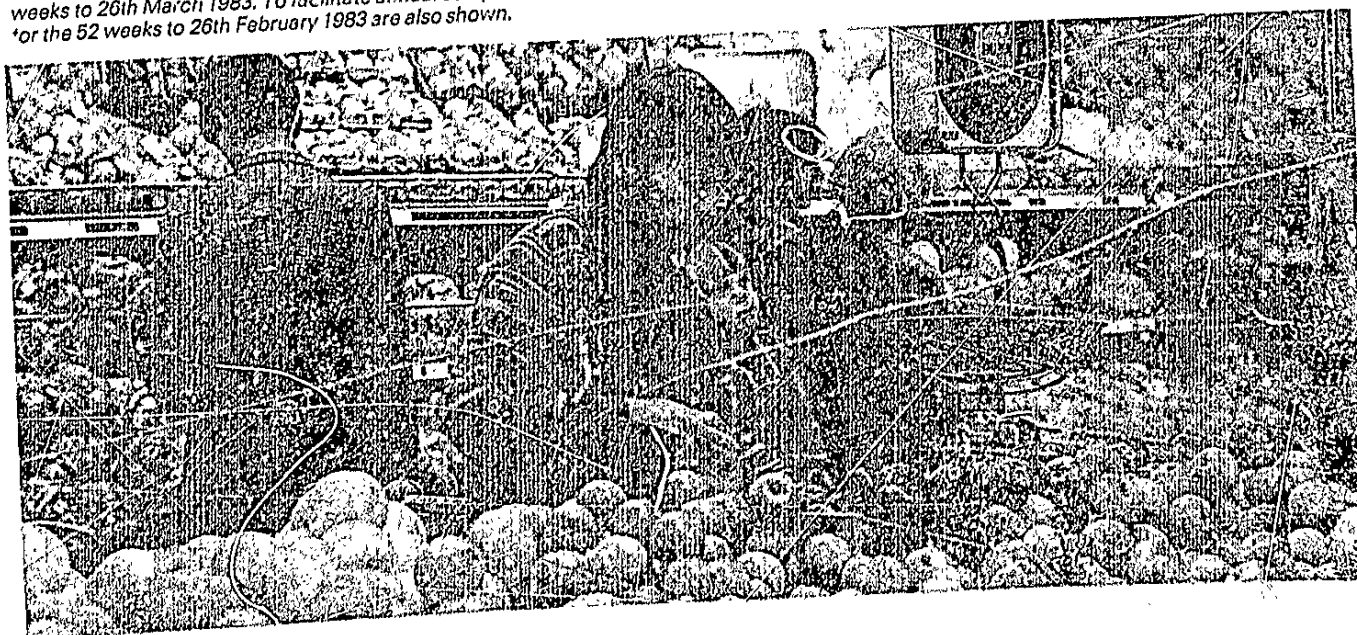


Results at a Glance

Ten Year Table see pages 14/15

£ million	1983 56 weeks to 26th March (see note below)	1983 52 weeks to 26th February	1982 52 weeks to 27th February	Increase (52 week comparison)
Group Sales (including Homebase)	2,483.3	2,293.1	1,950.5	17.6%
Retail profit	110.2	101.5	86.6	17.2%
Net margin	4.44%	4.43%	4.44%	
Associate's share of profit	5.8	5.4	2.5	114.9%
Profit before tax and profit sharing	116.0	106.9	89.1	20.0%
Profit sharing	7.2	6.6	5.7	16.8%
Profit before tax and after profit sharing	108.8	100.3	83.4	20.2%
Earnings per share (fully taxed)	15.35p	14.14p	11.87p	19.1%
Dividend per share	5.85p	5.85p	4.87p	20.0%
Investment	169.6	146.1	125.3	16.1%

Note
To avoid operational difficulties from progressive shortening of the time between the Christmas trading period and the new financial year, the Directors have restored the financial year end to a position in late March. Accordingly the 1983 financial year covers a period of 56 weeks to 26th March 1983. To facilitate annual comparison, figures for the 52 weeks to 26th February 1983 are also shown.





I am pleased to be able to report once again a year of most satisfactory growth in sales, number of customers and profitability.

The Company sales increase of 17.2% (52 weeks to 26th February 1983) represents a volume gain of approximately 10%. We now serve over five and a half million customers per week and their average size of purchase has continued to increase in real terms.

We opened seventeen new supermarkets during the year, adding 325,000 square feet to our sales area. Our overall sales per square foot were maintained in real terms at last year's record level with volume in existing stores continuing to increase and new stores opening with higher than expected sales.

Our Group profit for the 52 week year exceeded £100 million for the first time. This was an increase of 20% and the retail net profit margin of 4.43% was close to the best achieved in the last ten years.

In the ten years since we became a public company, earnings per share (fully taxed), adjusted for inflation, have enjoyed a compound *real* growth of 8.8% per annum, one of the very highest rates for large British companies. During the same period we invested £600 million and improved the Company's productivity by 44%.

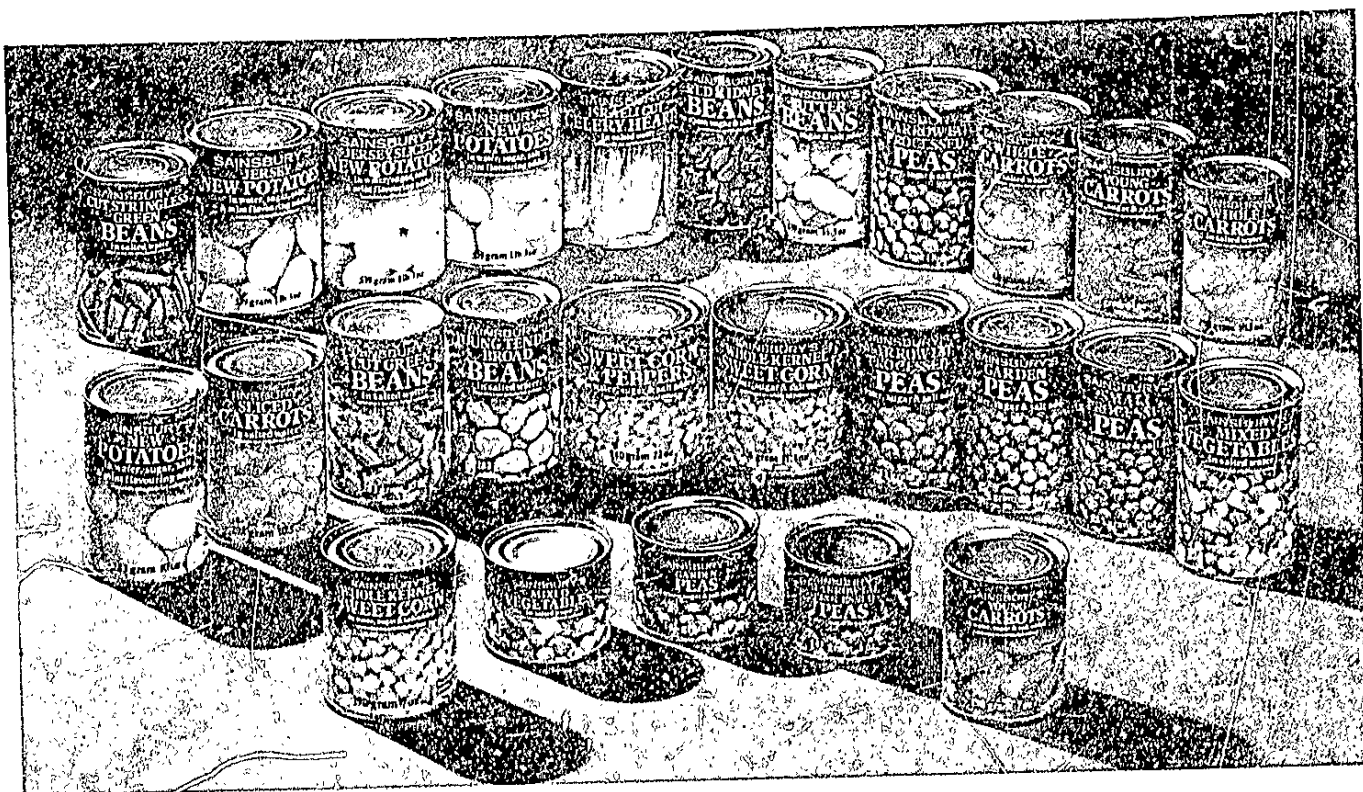
One of the most welcome changes during the year was the decline in food inflation, which fell

from over 10% in March 1982 to under 3% by March 1983—the lowest rate of inflation for the products we sell for some fifteen years. This is to be welcomed for many reasons, not least of which is the increased likelihood of growth in food sales nationally.

Price, Quality and Service

Price competition has remained as strong as ever so it is all the more pleasing to be able to report that, according to our research, as well as that of an independent agency, we have retained an exceptionally strong price position in relation to our principal competitors. Price is only one part of the story and our success in that respect has been matched by the maintenance and development of the standards of quality and service we offer.

There has been much successful new product development in the range of Sainsbury label products as well as improvement in the quality and presentation of existing lines. During the year we have sought to improve the quality of our service. The provision of delicatessen service counters and in-store bakeries has been standard in new stores for a number of years, while fresh fish counters are being tried in some of our latest supermarkets. We believe we can continue to improve the help we give customers at the checkouts and have taken steps to increase manning levels with that objective. A balance must be kept to ensure that a



better service is cost effective but we intend to further improve the assistance we provide to our customers, especially at the checkouts.

One aspect of service to the shopping public is the hours of trading permitted. There is no doubt that there is widespread demand for longer weekday trading hours and that present limitations are anachronistic and inappropriate to modern-day living. Local by-laws and custom and practice vary in different parts of the country. It is time this was changed and reform of the restrictions on weekday trading would be a relatively straightforward matter. Far more controversial is Sunday trading and, while the need for reform is self-evident, much care and thought are required before allowing a "free for all" on Sundays.

Market Share and Success of New Stores

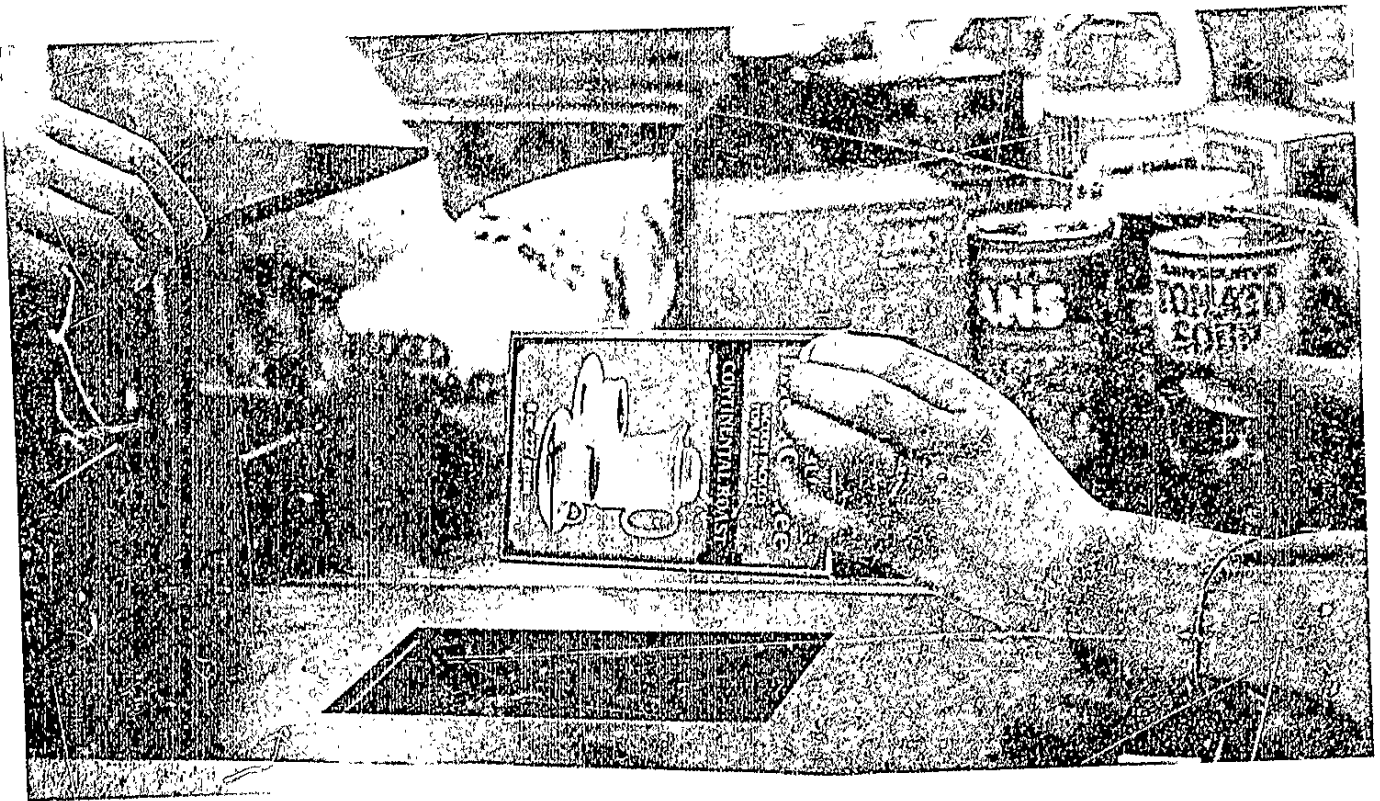
We have enjoyed further growth in market share which we calculate now to exceed 9% of the national expenditure in food shops. In the more limited but much quoted grocery trade market share, our share reached 15%. Underlying this continued growth is the success new stores have experienced in new trading areas in both the North West and Yorkshire. We also had substantial sales gains from replacement stores opened in recent years in place of first generation supermarkets. Notable examples last year included Bath, Farnham, Arnold (Nottingham), Northfield (Birmingham) and Wimbledon.

Considerable scope remains to continue this programme of up-dating, enlarging or replacing older supermarkets with stores up to three times the size. We have one hundred and eleven stores which are ten or more years old with an average sales area of 10,600 square feet and they are almost all candidates for replacement or considerable enlargement.

An historic event for Sainsbury's was the replacement of the last of our traditional counter service shops by our new supermarket in Peckham. This completed the changeover to self-service first begun in our Croydon store in 1950. At that time we had two hundred and forty four shops with annual sales of under £20 million compared with two hundred and fifty eight shops today with sales of over £2,000 million.

In 1982/83 we invested £170 million, of which £113 million was in property, reflecting the predominance in our opening programme of properties developed and owned by ourselves. The Company has a freehold or long leasehold interest in fifteen of the seventeen supermarkets opened in 1982/83. This proportion is higher than in recent years and a relatively modest programme of sale and lease-back (proceeds £20 million in 1982/83) has been established in order to restore the balance of the property portfolio.

In the year ahead we are planning to open fifteen new supermarkets with a total sales area slightly greater than the new sales area opened in each of the last two years. Four of these will be replacement stores and five in new



trading areas to the West and North. The remainder will be in locations within our present trading area where we are not currently represented.

Review of Planning

As our development programme shows we are now able to obtain sufficient sites with the necessary planning permission to maintain our planned rate of expansion. This is a great step forward over the position prevailing a few years ago and allows us to get our new stores nearer to the ideal for meeting our customers' needs.

We also welcome a greater recognition of the advantages of allowing retail development in unconventional locations in urban areas. A year ago we had the example of the Nine Elms store at the New Covent Garden Market. This year our new supermarket at Bath is an excellent example of the successful re-use of what had become urban wasteland—the disused railway land behind Green Park Station. As part of that development we are proud to have been able to restore the old station building which otherwise would have collapsed. During 1983/84 we will open stores on part of the grounds of Crystal Palace Football Club and on the site of the old West London Air Terminal.

It is also evident that today there is a greater awareness in planning circles of the value of edge-of-town developments and our recent success in winning the planning appeal for a store on the outskirts

of Ipswich is a good example of this. However, the Ipswich case also illustrates the problem of planning delays, for the process on this occasion took over two years and more than a year elapsed between the hearing of our planning appeal and the grant of approval. Surely it is time for the process and procedures of planning to be examined to try to simplify and speed them up. This will not be easy but reform should seek to achieve a planning structure that, while providing the necessary environmental safeguards, reduces the high costs caused by planning delays.

The planning process needs to be more predictable and this could be achieved by closer definition of what should be permissible and of the considerations which should influence decisions. The world has much changed since the post-war period when the present planning system was first established. We must ask ourselves how we can better manage the protection of our environment and encourage good architecture while stimulating developments that are needed by the community.

Trade Relations

Recent years have seen a greater concentration of market share in the largest and most efficient companies in both food manufacturing and food retailing. Competition has tended to intensify and while total food consumption has remained relatively static there have been considerable change in consumer

tastes. These factors have created difficulties for some companies in both sectors of the trade. Some have suggested that the cause for the inadequate profit of some suppliers is due to the competitiveness of retailers and the increasing size of the most successful.

I believe this to be mistaken for the true cause arises from the competition between manufacturers seeking a larger share of a near static market, often aggravated by excessive production capacity, inadequate investment in new plant or lack of innovation in new products. To those few who think that any good would come from new regulations I would suggest that the Monopolies Commission comment, "... vigorous competition in the distributive trades and among their suppliers is the surest protection of the public interest", is valid. Not only does continued competition between manufacturers and between retailers serve the interests of the consumer it should also be the most effective stimulus to increasing the efficiency of all in the food chain.

I should like once again to express my appreciation and thanks for the support we have had and the harmonious relations that exist with our many suppliers of both goods and services in the food and non-food industries. We value their goodwill second only to that of our customers. We particularly value the close *long-term* trading relationship that we have built up with so many of our hundreds of suppliers. It is the long-term nature of good supplier/buyer relations that we believe to be of the highest importance.

We have been proud to play our part in promoting British products and are doing all we can to assist the newly-created organisation Food From Britain. If we exclude products not indigenous to Britain, over 87% of the remaining foodstuffs we sell are from British sources. We will continue to do our best to ensure that that proportion grows.

Staff Recruitment, Training and Development

The expansion of the Company has resulted in a significant increase in staff numbers. During the last year we employed more than 3,300 additional staff of which over a third were full-time. We recruited 115 new graduates and 236 'A' level school leavers into our trainee management programme. We have continued to improve our staff training programmes using the latest technical aids to assist training of shop floor staff and have developed a series of improved training courses, in both commodity and technical knowledge, for all levels of management. Only by so doing will we properly prepare future generations of managers to handle the growing complexities and scale of our business without losing their concern for service to the customer.

We are planning for the time when all our supermarkets will be equipped with in-store computers

and, in the longer term, price scanning at all checkouts. Our operational efficiency is already benefiting from the considerable investment made in recent years in computer programs to aid our distribution and financial systems. More benefits are still to come from this on-going investment in better systems and in the use of the most advanced computer technology.

We intend to be in the forefront of tackling the evil of youth unemployment and have already initiated pilot schemes as part of the government-funded Youth Training Scheme. We see this potentially as an important long-term development that should not only assist in helping full employment of young people but also make a major contribution to the better training of the young for their future careers in commerce or industry. It is to be hoped that following the creation of the Youth Training Scheme we will see a greater response in the realm of formal education to the modern needs of trade and industry.

Profit Sharing and Employee Share Ownership

The Company has been a public company for ten years and an important development during this period has been the increasing number of staff with an equity stake in the Company. We have done all we can to foster this form of employee participation and we welcome the encouragement that has been given by the government to this—firstly through the Save As You Earn share option scheme and more recently through tax concessions on profit sharing and share option schemes.

We shall distribute £7.2 million this year in shares or cash to 26,000 staff who qualify for our profit sharing scheme. There are now over 4,800 employees holding options under our SAYE scheme and over 300 holding options under the Executive Share Option Scheme—in total more than eleven million shares are under option. Already through the various Company schemes nearly 10,000 employees, more than one third of our staff with two years' service, have become shareholders. Many staff, through options and shareholdings, have an interest in Company shares worth more than £10,000.

Associates

This year sees a substantial improvement in the results of our associate companies particularly SavaCentre.

This company started trading only six years ago but already its five hypermarkets last year achieved sales of £195 million and profit of £8 million—a very satisfactory performance for a company of its age. From the start SavaCentre has depended on the trading strengths of its two parents combined with the natural economic potential of hypermarket trading and the energy and abilities of its own management team. The progress of



SavaCentre is a credit to them. We look forward with every confidence to the opening of our next SavaCentre in Edinburgh in 1984.

Haverhill Meat Products had a very satisfactory year with a 13% increase in sales to £95.3 million and a 57% increase in pre-tax profit to £3.28 million (over 52 weeks). The improvement in profitability was due only in part to lower pig prices in the second half of the year. Volume grew by 10% while further improvement in efficiency brought productivity gains over the last three years to 12%. Breckland Farms had a very good year increasing pre-tax profits by 63% to £532,000 following higher output and further significant gains from better performances.

Homebase

Homebase, our home improvement and garden centre subsidiary, has made excellent progress with seven stores trading by the year end. A further fourteen stores, including seven this year, are programmed to open by the end of 1984. My forecast made last year that we would have twenty Homebases trading by 1984 should therefore be met.

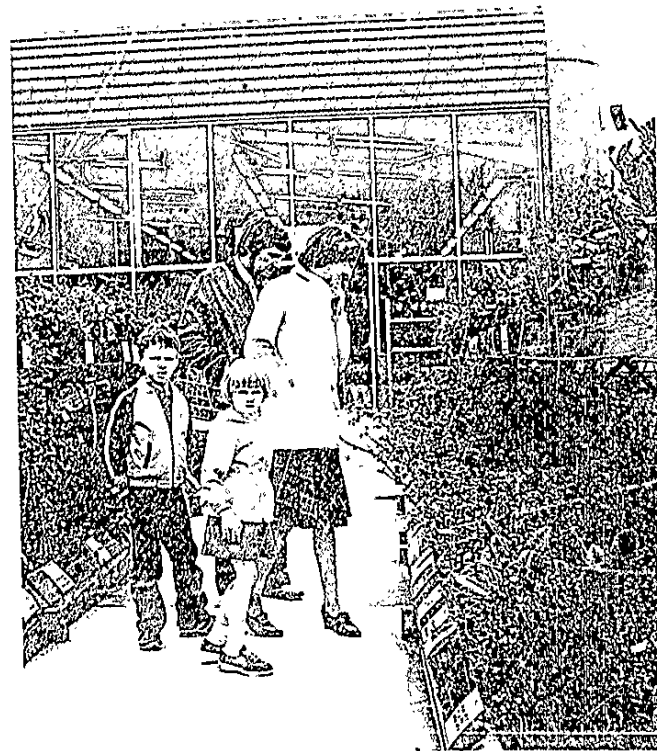
Homebase's style of trading and the convenience it offers customers make it wholly compatible with all that is best in Sainsbury food retailing. We look forward to it becoming a significant contributor to Group profit in the years ahead.

Thanks to Staff

Finally may I express, on behalf of the Board, appreciation and thanks to all staff who have made possible the results that we have reported.

The first and most direct measurement of success is the growth in sales and in the number of customers we serve. To achieve another 10% volume increase following the very substantial growth of recent years is proof of the good value and good services we have provided. I hope all shareholders will agree that this is only possible through the hardwork and enterprise of the many thousands of Sainsbury staff who have contributed to make the Company the leader in its field.

John Sainsbury *Chairman*



SavaCentre Limited

The performance of our joint hypermarket venture with British Home Stores PLC has been very satisfactory, with profit up to £8 million on sales of £195 million. This marked improvement was in part the result of the first full year's trading of the largest SavaCentre at Calcot. There are five SavaCentres at Washington (Tyne and Wear), Hempstead (Kent), Basildon (Essex), Oldbury (West Midlands) and at Calcot (near Reading). A sixth SavaCentre opens in 1984 in Edinburgh, a new trading area for Sainsbury's.

The Directors are Mr. D. J. Sainsbury, Mr. J. H. G. Barnes, Mr. R. T. Vyner and Mr. L. S. Payne, together with four British Home Stores' Directors, and two Directors from SavaCentre, Mr. A. S. Henn (General Manager) and Mr. I. C. Laurie.

Homebase Limited

The initial success of Sainsbury's chain of home improvement and garden centres at Croydon and Leeds has continued with the opening of five more stores at Nottingham, Southampton, Basingstoke, Ilford and Watford. Seven Homebases are planned to open in the 1983/84 financial year—Northampton, Gloucester, Cardiff, Kingston, Oldbury, Bradford and Branksome (near Poole).

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

Haverhill Meat Products Limited

This company, jointly owned with Canada Packers Inc., of Toronto, produces Tendersweet bacon and a wide range of pork products. In 1982/83 it handled 640,000 pigs and, together with its wholly-owned subsidiary, Palethorpes, achieved a profit of £3.28 million, an increase of 57%, on sales up 13% to £95.3 million.

The Directors are Mr. E. R. Griffiths (Chairman), Mr. C. Roberts, 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.

J Sainsbury (Farms) Limited

This wholly-owned subsidiary manages Sainsbury's farm interests of 1,000 acres at Inverquhomery in Aberdeenshire, and 700 acres at Aberlour in Banffshire where it owns the well-known Kinnermony Aberdeen Angus herd.

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

Breckland Farms Limited

This pig production company, jointly owned with Pauls & Whites plc, had another successful year, improving its profits by 63% to £532,000. Its production of 78,000 pigs makes it one of the largest, as well as one of the most efficient, pig production companies in the country.

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, Mr. N. A. Franks, Mr. G. G. Haynes, Mr. R. Linfield, Mr. T. A. D. Sainsbury MP, Mr. R. A. Anderson and Mr. P. Boam.

Kings Reach Investments Limited

The Kings Reach development is 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 PLC, The Stock Conversion and Investment Trust plc and a subsidiary of Reed International PLC.

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

Employee Review

Sainsbury's staff raised £190,000 for the Cancer Research Campaign. Mr. J. H. G. Barnes, the Retail Operations' Director, is shown here presenting the jumbo-sized cheque to Sir John McKay, President of the fund-raising 500 Group.

Career Development and Training

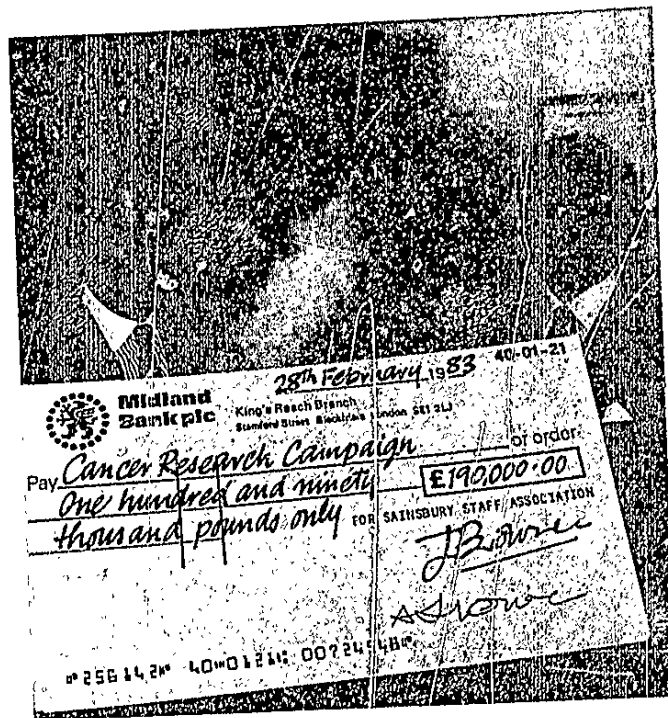
Once again staff numbers and productivity have increased. The additional 3,300 jobs last year brought the ten year total of new jobs at Sainsbury's to 24,000, about half that number on a full-time equivalent basis.

A typical large Sainsbury's supermarket is a significant business in its own right. With an annual turnover approaching £20 million and employing up to 400 staff, many of them part-time, it operates for over 100 hours a week including some 60 hours when it is open for trading. It serves up to 25,000 customers per week who between them purchase over half a million items. It has an in-store bakery, a delicatessen department and most recent stores have a fresh fish department.

It can be seen that the job of supermarket manager has changed over the years such that it is now an important general management role—a challenging task which requires both professional management skills and high qualities of personal leadership. Running such a major operation successfully calls for staff and management of the right calibre who are well motivated and properly trained.

An important starting point is recruitment. Every store has a Personnel Officer with responsibility for ensuring that suitable staff are recruited and for maintaining contact with local schools, colleges, job centres and the careers service.

The new store opening programme underlines the importance of the Company's manpower plan through which career opportunities, both for existing staff and new recruits, are identified. Each year over 400 trainee managers are recruited from universities (115 in 1982/83), sixth form school leavers and from internal applicants. As part of the career development programme nearly 5,000 staff were promoted during the year, 380 of whom were



promoted into their first management post.

This programme has to be, and is, supported by intensive training. As well as using outside facilities, the Company employs its own training staff of well over 300 people. In addition to Head Office and area training teams, there is at least one qualified instructor at every location. These operate a range of programmes, all of which have been specially developed for Sainsbury's particular needs.

Whilst the majority of Sainsbury's staff are employed in the stores, training is no less important at Head Office and depot locations. This has been particularly so for the introduction of new accounting, ordering and

Employee statistics	1979	1980	1981	1982	1983
Average number of employees					
full-time	16,613	16,907	18,578	19,930	21,180
part-time	18,240	20,373	24,028	27,159	30,519
full-time equivalent	23,604	24,809	27,913	30,506	33,305
Annual wage/salary costs (£'000)	76,795	93,382	123,904	154,405	198,754
Average wage/salary (£)	3,253	3,764	4,439	5,061	5,540*
Sales per employee (£)	42,665	49,442	56,934	63,940	68,852*
Number of employees eligible for profit sharing		16,868	19,835	22,544	26,300
Profit sharing distribution rate		4.15%	5.27%	6.19%	6.20%

*For 52 weeks ending 26th February 1983

Lord Sainsbury, Joint President, who celebrated his eightieth birthday during the year was guest of honour at the annual dinner of the Company's 25 Year Club, which was attended by nearly a thousand people who have served more than 25 years with the Company



distribution systems. The Company has embarked on a major programme of training staff without which the investment in new technology will not be fully effective. Staff who have had the opportunity of putting their micro-chip training into practice are welcoming the ways in which the new technology helps them in their jobs.

Staff Stability

Although the numbers employed by Sainsbury's have grown significantly in recent years the number of staff who have completed the two years' service necessary to qualify for the profit sharing scheme continues to increase both in total and in percentage terms. Last year 3,000 more staff became eligible whilst the proportion of staff qualifying rose to half. This compares with 45% when the scheme was introduced in 1980.

Over 10% of the staff have been with the Company more than ten years. Those with 25 years' service become members of Sainsbury's Twenty Five Year Club which last year welcomed 135 new members, bringing the total membership to over 1,000. The annual dinner of the Twenty Five Year Club last year was given in honour of its most senior and distinguished member, Lord Sainsbury, whose 80th birthday occurred during the year. About 80 of Sainsbury's current employees have been with the Company for more than 40 years.

Employment of Disabled People

The Company supports the recruitment of disabled people wherever possible. Opportunities for training, career development and promotion are available to disabled people according to their skill and ability.

Pensioners

Having been one of the earliest companies to introduce a pension scheme common to all employees, Sainsbury's now has over 2,600 pensioners. There is an active panel of Visitors and a number of events are organised by their own Committee throughout the year. The highlight of these events—the annual reunion in a London hotel—was last year attended by more than 1,600 pensioners and their spouses. Pensions were revised upwards in January 1983 in line with inflation.

The Sainsbury Staff Association

Sainsbury's has a very lively Staff Association which has sections at all Company locations. A wide variety of social and sporting activities are organised at local and area levels as well as for the Company as a whole. The largest of these, Family Day, brings some 18,000 members of staff and their families together in June for a day of family activities, competitions and sports.

The Staff Association is a very active fund raiser for local and national charities. The most recent example of this voluntary work is a contribution to the Cancer Research Campaign. In 1982 a group of major companies asked their staff to raise funds for cancer research. It was hoped that Sainsbury's staff might raise £10,000. The response, however, was overwhelming. Within twelve months £190,000 was raised from events which ranged from sponsored slimming and parachute jumping to fund-raising of the more traditional kind.

Sponsorship of the Arts

Sainsbury's concern for quality in its own business has led, quite naturally, to concern for the quality of life in the communities in which the Company trades. In this the arts have a significant contribution to make and Sainsbury's believes that sponsorship of the arts by successful companies is now an essential complement to State support.

For many years the Company assisted the arts through its general programme of charitable giving. However, in 1981 a Sainsbury's Arts Sponsorship Committee under the chairmanship of Mr Simon Sainsbury, a former Deputy Chairman of the Company, was set up with a remit to develop a more substantial programme of support for a broad spectrum of the arts through the medium of commercial sponsorship. Plans to spend half a million pounds over three years were announced.

A key aim of the sponsorship programme has been to encourage the arts throughout Sainsbury's trading area.

Accordingly, Sainsbury's sponsored the regional touring season of Sadlers Wells Royal Ballet. Kent Opera was assisted to stage three exciting new productions – Handel's *Agrippina*, Beethoven's *Fidelio* and Offenbach's *Robinson Crusoe* – the first two of which have already been on tour. Sainsbury's also sponsor the Polka Children's Theatre which tours widely.

As well as sponsoring established companies Sainsbury's has been involved with the development of two completely new events.

A major visual arts competition under the title Sainsbury's Images for Today was held to encourage artists in Britain to submit original works suitable for high quality reproduction. The winning prints are being published in unlimited editions and sold at prices which show that fresh and imaginative contemporary art need be neither exclusive nor expensive. The eight winning artists will receive royalties on all sales. An exhibition of the winning pictures together with a selection from the other 1,200 entries will be on show at art galleries in eight towns during 1983.

Another new event, the Sainsbury's Festival of Choirs, is intended to focus public attention on choral activity and create a national platform for the finest choirs. First held in May 1982 at the Royal Albert Hall, when some twenty of Britain's leading amateur adult and youth choirs took part, it received an enthusiastic response from choirs and audience.

In the first year of the sponsorship programme the Company received an award from the Association of Business Sponsors of the Arts in the category for new sponsors.

Architectural Design

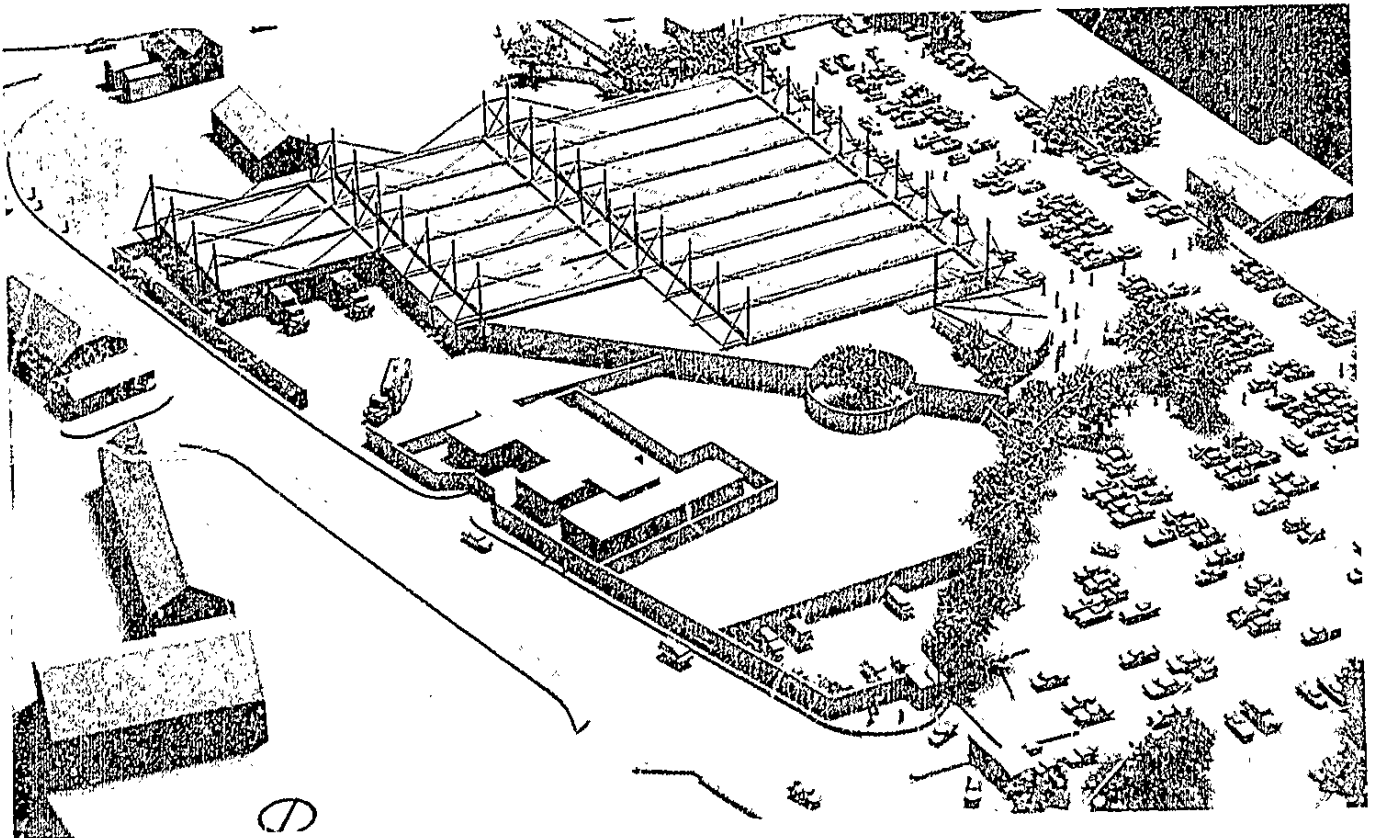
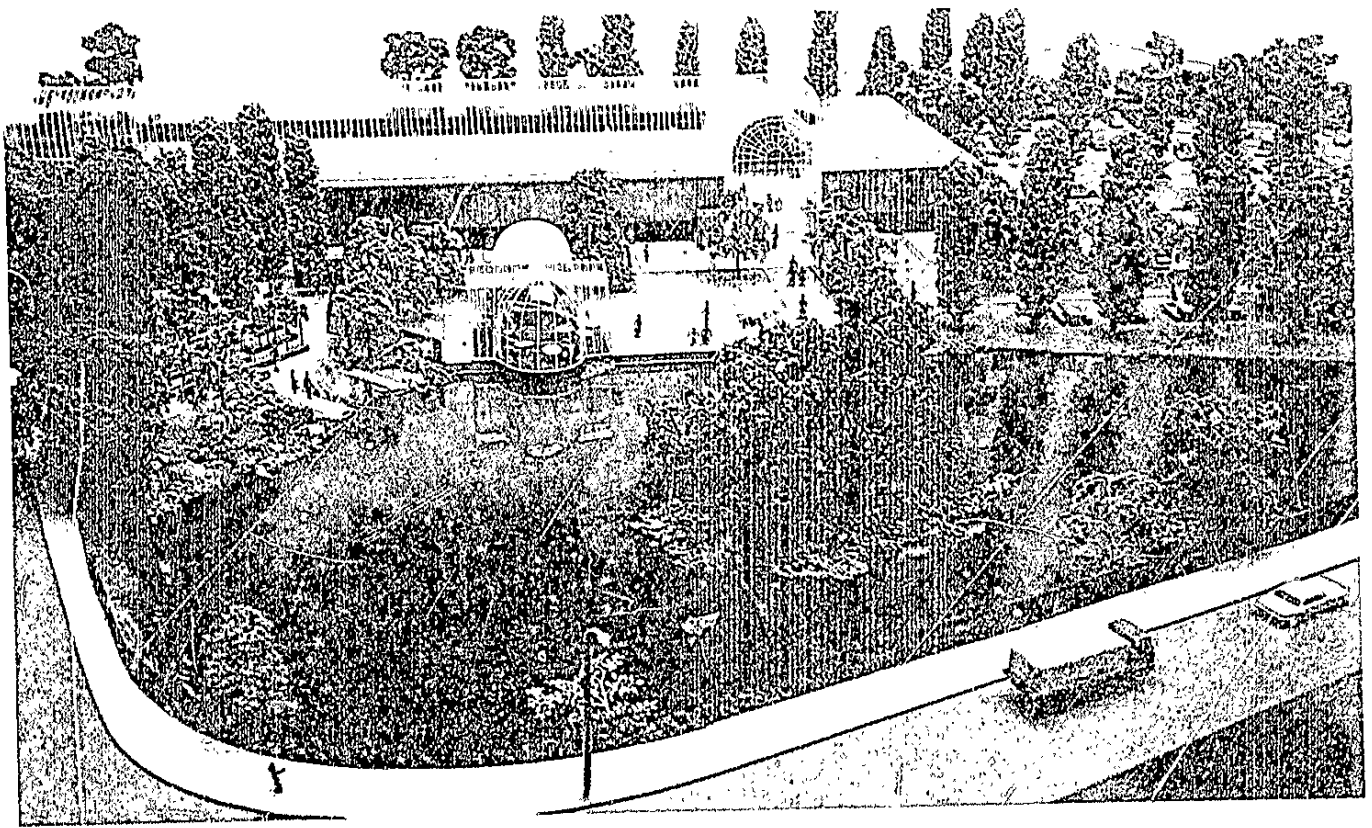
Supermarkets are essentially practical buildings which must provide for the convenience of the shopper and the needs of efficient operation. But while the store interior must be functional and reflect the highest standards of cleanliness, the exterior must relate to its surroundings in a sympathetic and, if possible, distinguished way. This is often difficult to achieve, particularly where there are planning limitations or the building is part of a larger development which Sainsbury's does not control, but the Company is increasing its efforts to respond to local needs with imagination and sensitivity.

One of the most interesting architectural projects undertaken was the new development at Bath which is featured on the inside covers of this Report. The old Green Park Station, an imposing grade two listed building, which was in danger of falling down, was restored to its former appearance and successfully linked with a thoroughly modern supermarket. The result has been a significant contribution to the preservation of one of England's most beautiful cities and the provision of a much needed shopping amenity.

On two occasions recently Sainsbury's has organised architectural competitions for particularly difficult sites. The first was for a Homebase House and Garden Centre to be built at Catford in South London on a highly visible site which, over the years, had become an eyesore. The other site was for a large supermarket in the historic cathedral city of Canterbury.

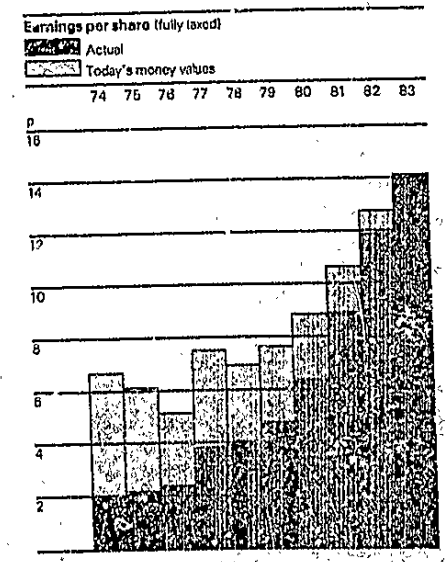
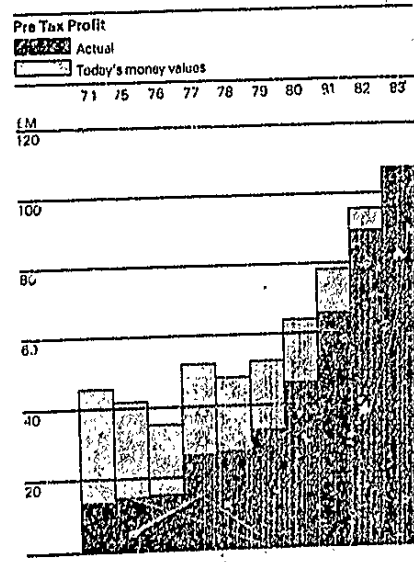
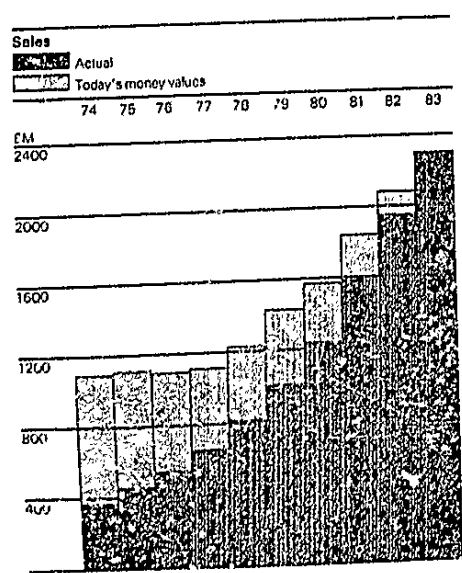
The panel of judges, nominated by Sainsbury's, included Sir Roy Strong, Director of the Victoria and Albert Museum and Mr Norman Foster RIBA of Foster Associates.





Summary of Results/Retail Statistics

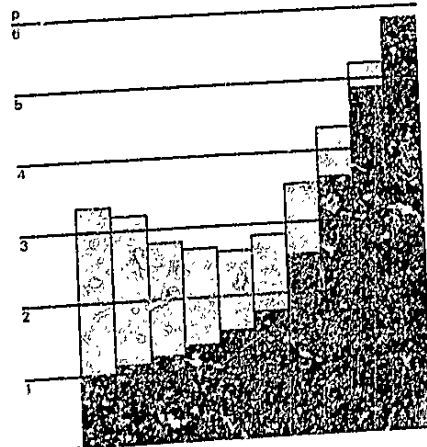
Results	1974	1975	1976	1977	1978	1979	1980	1981
£000								
Sales	362,137	452,804	543,443	663,776	811,102	1,007,070	1,226,595	1,550,000
Increase on previous year	22.0%	25.0%	20.0%	22.1%	22.2%	24.2%	21.8%	26.5%
Retail profit	13,542	14,337	15,372	25,303	27,139	31,838	45,385	60,000
Net margin	3.74%	3.17%	2.83%	3.81%	3.35%	3.16%	3.70%	3.87%
Associates—share of profit	82	292	45	879	443	818	645	1,000
Profit before tax and profit sharing	13,624	14,629	15,417	26,182	27,582	32,656	46,030	61,000
Increase on previous year	19.6%	7.4%	5.4%	69.8%	5.3%	18.4%	41.0%	22.0%
Profit sharing	—	—	—	—	—	—	—	—
Tax charged	7,280	7,766	8,018	5,981	6,563	6,250	8,751	10,000
Profit after tax and profit sharing	6,344	6,863	7,399	20,201	21,019	26,406	35,071	44,000
Extraordinary items	—	—	717	909	—	—	4,364	—
Earnings per share† (fully taxed)	1.97p	2.11p	2.23p	3.77p	3.96p	4.72p	6.33p	8.33p
Increase/(decrease) in real terms	(16.5%)	(9.0%)	(15.0%)	46.6%	17.2%	10.0%	15.7%	25.3%
Dividend per share†	1.00p	1.13p	1.23p	1.36p	1.52p	1.78p	2.53p	3.33p
* The 1983 results are for the 52 weeks to 26th February 1983 † Adjusted in respect of capitalisation issues in 1980 and 1982								
Retail Statistics								
Number of outlets at financial year end								
Supermarkets—over 20,000 sq. ft. sales area	4	7	15	18	20	23	23	23
10,000—20,000 sq. ft. sales area	76	87	97	104	110	114	125	125
under 10,000 sq. ft. sales area	74	69	63	59	55	53	49	49
Total	154	163	175	181	185	190	197	197
Small stores including freezer centres	44	43	40	37	37	39	39	39
SaveCentre	—	—	—	—	—	—	—	—
Homebase	—	—	—	—	—	—	—	—
Sales area (000 sq. ft.)								
Total Sainsbury	1,711	1,936	2,240	2,391	2,499	2,616	2,766	2,911
Net increase on previous year	17.8%	13.2%	15.7%	6.7%	4.5%	4.7%	5.7%	5.4%
SaveCentre	—	—	—	—	79	145	145	—
Homebase	—	—	—	—	—	—	—	—
New supermarket openings	16	11	17	10	7	7	9	9
Average size of new super. markets (sq. ft.)	16,280	17,700	19,460	18,970	18,660	18,040	14,830	14,830
Average size of all supermarkets (sq. ft.)	10,500	11,260	12,210	12,690	13,010	13,260	13,520	13,520
Average supermarket sales								
Per supermarket (£ per week)	43,700	51,400	58,800	68,100	81,700	99,100	116,600	133,000
Per square foot (£ per week)	4.33	4.72	4.97	5.47	6.34	7.52	8.73	9.73
Share of national trade in food shops (based on A.C. Nielsen and DOI data)	4.5%	4.7%	4.7%	4.9%	5.3%	5.9%	6.2%	6.2%



	1981	1982	1983*
	1,589,193	1,950,546	2,293,120
	29.6%	22.7%	17.6%
	64,393	86,597	101,513
	4.05%	4.44%	4.43%
	1,368	2,497	5,365
	65,761	89,094	106,878
	42.9%	35.5%	20.0%
	3,699	5,675	6,628
	12,680	15,419	27,429
	49,382	68,000	72,821
	3,944	2,886	—
	8.87p	11.87p	14.14p
	20.5%	20.0%	10.7%
	3.63p	4.87p	5.85p
	25	36	42
	138	142	151
	45	40	36
	208	218	229
	34	33	29
	4	5	5
	—	2	7
	2,978	3,282	3,564
	7.7%	10.2%	3.6%
	298	385	385
	—	86	301
	15	17	17
	1,890	21,060	19,150
	13,880	14,650	17,120
	145,500	170,600	191,700
	10.59	12.01	12.87
	7.2%	8.3%	9.1%

Dividend per share

	Actual	Today's money values								
	74	75	76	77	78	79	80	81	82	83




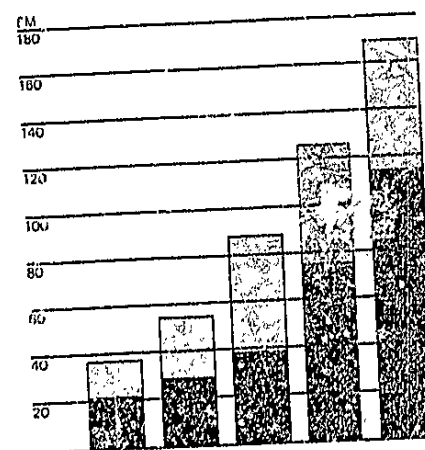
Supermarket Openings 1982/83	Sales area sq. ft.
Braintree	14,940
Prenton, Birkenhead	18,800
Welwyn Garden City	17,440
Woolton, Liverpool	19,190
Epsom	18,400
Southport	17,300
Preston	20,570
Huddersfield	18,490
Bath	22,540
Peckham, London	17,090
Bournemouth	23,560
Gravesend	18,100
Wimbledon, London	17,180
Hornchurch	24,170
Northfield, Birmingham	25,000
Arnold, Nottingham	15,810
Farnham	16,950
Total (17)	325,530

Average 19,150

Projected Supermarket Openings 1983/84	Sales area sq. ft.
Crystal Palace, London	37,710
Crosby	17,920
Cardiff	26,110
Chester	27,920
West Ealing, London	22,220
Burton-on-Trent	27,450
Bradford	26,030
Beckenham	22,920
Cromwell Road, London	27,860
Halifax	24,280
Sheffield	29,940
Kimberley, Nottingham	26,480
Ambicote, Stourbridge	18,900
Thorley, Bishop's Cleeve	18,180
Tottenham, London	24,480
Total (15)	378,410
Average	25,230

Investment

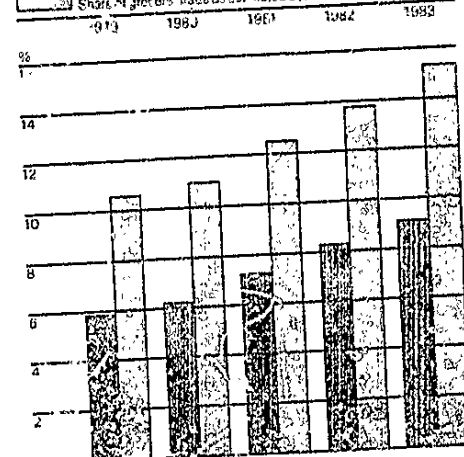
	Property				
	Other				
	1979	1980	1981*	1982	1983



Market share

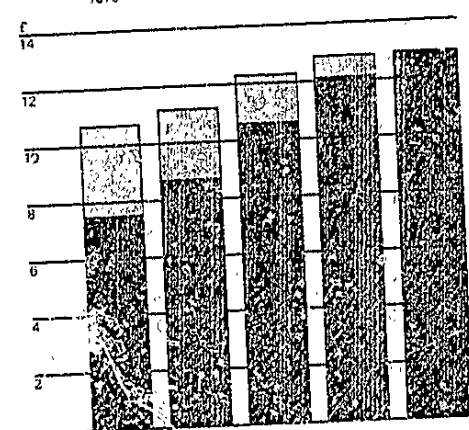
Share of national grocery sales based on Nielsen and DDI data

Share of grocers' trade as estimated by ACB



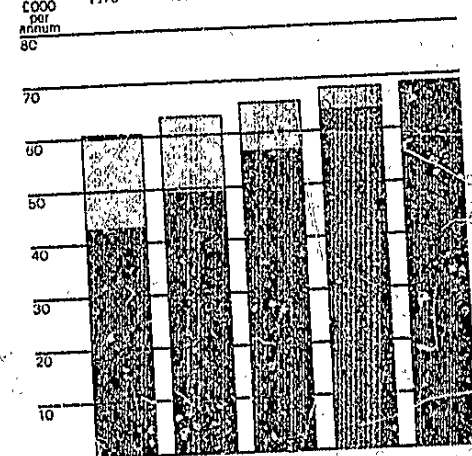
Supermarket trade intensity (Weekly sales) in sq. ft. of sales area

Supermarket (gross intensity: grocery delivery)					
	J. Sainsbury's (actual)	All Grocers* (actual)	*Source first listed Grocery Distribution		
	1979	1980	1981	1982	1983



Productivity Sales per full-time equivalent employee

	Actual	Today's money values			
	1979	1980	1981	1982	1983



Report of the Directors

for the 56 weeks to 26th March 1983

Profit and Dividend	<p>The profit before tax and profit sharing was £116,007,000, details of which are shown on page 19. The Directors are proposing the payment of a final dividend of 3.95p per share on 22nd July 1983 to shareholders on the Register at the close of business on 22nd June 1983. Together with its associated tax credit this dividend is equivalent to a gross dividend of 5.84p per share and makes a total gross dividend for the year of 8.35p per share. The payment date for the final dividend has been maintained as in previous years and not delayed as a consequence of the 56-week year.</p>
Financial Year	<p>The accounts submitted by the Directors are for the financial year which consists of the 56 weeks ended 26th March 1983. Throughout these accounts this accounting period has been referred to as a year.</p>
Share Capital	<p>At the Annual General Meeting held on 30th June 1982 a Resolution was passed approving a capitalisation issue to ordinary shareholders on the Register at the close of business on 4th June 1982 on the basis of one new ordinary share of 25p credited as fully paid for each ordinary share then held. At the same time the authorised share capital of the Company was increased from £50 million to £100 million. During the year further shares were issued for cash under the Company's Profit Sharing Scheme, the Savings-Related Share Option Scheme and the Executive Share Option Scheme. Details of shares issued and further options granted are shown in Note 1 on page 23.</p>
Form of Accounts	<p>The accounts have been prepared in compliance with S.149A and S.152A of, and schedule 8A to the Companies Act 1948.</p>
Property	<p>The Directors are of the opinion that the land and buildings valued in the historical cost accounts at £392 m have a current value of £577 m. The basis of this estimate is set out in Note 3a on page 29. The movements of fixed assets are set out in Note 4 on page 25.</p>
Principal Activity	<p>The principal activity of the Group is the retail distribution of food. There are no direct exports, but products to the value of £1,060,025 (1982 £650,000) were sold to other companies for export.</p>
Employees	<p>Detailed information about the numbers and aggregate remuneration of employees and policy on disabled people is shown on pages 10 and 11.</p>
Donations	<p>Donations to charitable organisations amounted to £299,796 and to political parties nil.</p>
Directors	<p>The Directors are shown on page 1. 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 Mr. T. A. D. Sainsbury MP, who, being a non-executive Director, retires by rotation and offers himself for re-election. Directors holding executive office are not subject to retirement by rotation. No Director had during or at the end of the year, any material interest in any contract of significance to the Company's business.</p>
Directors' and Other Interests	<p>The number of ordinary shares, options over ordinary shares and units of loan stock held by Directors and their families at 26th March 1983 and other substantial interests notified to the Company are shown on page 30.</p>
Auditors	<p>The Auditors, Clark Pixley, have merged with Fryer Whitehill & Co. and have signed their audit report in their new name, Clark Whitehill. A Resolution proposing the re-appointment of Clark Whitehill as Auditors of the Company and authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.</p>

By Order of the Board
N. F. Matthews
Secretary
24th May 1983

N. F. Matthews

Accounting Policies

Sales

Sales consist solely of sales through retail outlets, and exclude rental and other income.

Deferred Tax

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.

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.

Depreciation

Freehold land is not depreciated.

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 Group. Depreciation is calculated to write off the excess value over the remaining useful life by equal annual instalments.

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.

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.

Research

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

Income on Short Term Investments & Securities

Income on short term investments and securities is credited to the profit and loss account when received.

Sale and Leaseback of Properties

Surpluses on sale and leaseback of properties are treated as deferred income and amortised in equal instalments over the term of years to the next rent review.

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 balance sheet date.

Associates

Associates are those shown on page 26. An Associate is a company in which the Group participates in commercial and financial policy and has an interest of between 20 per cent. and 50 per cent. inclusive.

Earnings per Share

The calculation of earnings per share is based on profit after tax and minority interest but before extraordinary items, and on the weighted average of ordinary shares in issue after adjustment for capitalisation issues.

Auditors' Report

To the Members of J Sainsbury plc

We have audited the Financial Statements on pages 17 to 29 in accordance with approved Auditing Standards.

In our opinion:

the Financial Statements on pages 17 to 19 and 22 to 28, which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings, give under that convention a true and fair view of the state of affairs of the Company and the Group at 26th March 1983 and of the profit and source and application of funds of the Group for the period then ended and comply with the Companies Acts 1948 to 1981; and the current cost Financial Statements on pages 20 and 21 have been properly prepared in accordance with the policies and methods described in the notes on page 29 to give the information required by the Statement of Standard Accounting Practice No. 16.

Clark Whitehill
Chartered Accountants
London
24th May 1983

Historical Cost Balance Sheets 26th March 1983

		Group		Company	
	Note	1983 £000	1982 £000	1983 £000	1982 £000
Capital Employed					
Share Capital	1	85,615	42,258	85,615	42,258
Reserves	2	327,456	306,947	319,213	301,892
		<u>413,071</u>	<u>349,205</u>	<u>404,828</u>	<u>344,150</u>
Loan Capital	3	7,443	5,563	7,443	5,563
Minority Interest		4,272	1,434	—	—
		<u>424,786</u>	<u>356,202</u>	<u>412,271</u>	<u>349,713</u>
Represented by					
Fixed Assets	4	565,875	416,663	538,838	410,042
Subsidiaries	5	—	—	20,657	4,504
Associates	6	28,829	28,696	20,638	23,460
Advance Corporation Tax Recoverable		5,797	4,709	5,797	4,709
Current Assets	7	197,758	183,744	191,222	181,745
		<u>798,259</u>	<u>633,812</u>	<u>777,152</u>	<u>624,460</u>
Less: Current Liabilities	8	(359,978)	(276,175)	(351,386)	(273,312)
Deferred Income and Tax	9	(13,495)	(1,435)	(13,495)	(1,435)
		<u>424,786</u>	<u>356,202</u>	<u>412,271</u>	<u>349,713</u>

Notes on the historical cost accounts are on pages 17 and 23 to 28.

The Financial Statements on pages 17 to 29 were approved by the Board of Directors on 24th May 1983 and are signed on its behalf by

John Sainsbury, Chairman
E. R. Griffiths, Deputy Chairman

Group Historical Cost Profit and Loss Account For the 56 weeks to 26th March 1983

	Note	1983 56 weeks £000	1982 52 weeks £000
Group Sales (including VAT)		2,483,252	1,950,546
VAT		<u>99,576</u>	<u>74,700</u>
Group Sales (excluding VAT)		<u>2,383,676</u>	<u>1,875,846</u>
Retail Profit – net margin on VAT inclusive sales 4.4% (4.4%)	10	110,229	86,597
Associates – share of profit	6	<u>5,778</u>	<u>2,497</u>
Profit before Tax and Profit Sharing		116,007	89,094
Profit Sharing		<u>7,222</u>	<u>5,675</u>
Profit before Tax		108,785	83,419
Tax	11	<u>29,764</u>	<u>15,419</u>
Minority Interest		<u>79,021</u>	<u>68,000</u>
		(89)	56
Extraordinary Items		<u>78,932</u>	<u>68,056</u>
		—	2,886
Profit Attributable to Shareholders	10	78,932	70,942
Dividends	12	<u>20,033</u>	<u>16,480</u>
Profit Retained	2	<u>58,899</u>	<u>54,462</u>
Earnings per Share – actual		23.22p	20.17p
– fully taxed basis		15.35p	11.87p

Group Current Cost Balance Sheet
26th March 1983

	Note	1983 £000	1982 £000
Capital Employed			
Share Capital		85,615	42,258
Reserves	2	<u>569,248</u>	<u>504,638</u>
		654,863	546,896
Loan Capital		7,443	5,563
Minority Interest		<u>4,329</u>	<u>1,434</u>
		<u>666,635</u>	<u>553,893</u>
Represented by			
Fixed Assets	3	780,084	598,497
Associates		44,726	44,268
Advance Corporation Tax Recoverable		5,797	4,709
Current Assets		<u>197,941</u>	<u>184,029</u>
		1,028,548	831,503
Less: Current Liabilities		(359,978)	(276,175)
Deferred Tax		<u>(1,935)</u>	<u>(1,435)</u>
		<u>666,635</u>	<u>553,893</u>

Notes on the current cost accounts are on page 29

Group Current Cost Profit and Loss Account
For the 56 weeks to 26th March 1983

	Note	1983 56 weeks £000	1982 52 weeks £000
Group Sales (including VAT)		2,483,252	1,950,546
VAT		99,576	74,700
Group Sales (excluding VAT)		<u>2,383,676</u>	<u>1,875,846</u>
Retail Profit – on historical cost basis		110,229	86,597
Current Cost Adjustments	4	10,766	10,599
		<u>99,463</u>	<u>75,998</u>
Associates – share of profit on current cost basis		5,152	1,580
		<u>104,615</u>	<u>77,578</u>
Current Cost Operating Profit		7,222	5,675
Profit Sharing		<u>97,393</u>	<u>71,903</u>
Current Cost Profit before Tax		29,764	15,419
Tax		67,629	56,484
		<u>(80)</u>	<u>56</u>
Minority Interest – on current cost basis		67,549	56,540
		<u>—</u>	<u>791</u>
Extraordinary Items	4	67,549	57,331
		<u>1,730</u>	<u>1,296</u>
Gearing Adjustment	6	69,279	58,627
		<u>20,033</u>	<u>16,480</u>
Current Cost Profit Attributable to Shareholders		49,246	42,147
Dividends		<u>20,033</u>	<u>16,480</u>
Retained Current Cost Profit	2	<u>49,246</u>	<u>42,147</u>
Current Cost Earnings per Share – actual basis		20.38p	17.14p
Current Cost Dividend Cover – maximum distribution basis		3.02	2.83
Current Cost Return on Capital Employed		16.03%	14.04%

Group Statement of Source and Application of Funds
For the 56 weeks to 26th March 1983

	1983 56 weeks £000	1982 52 weeks £000
Source of Funds		
Generated from Operations		
Retail profit	110,229	86,597
Depreciation	19,438	13,856
	<u>129,667</u>	<u>100,453</u>
Other Sources		
Share capital	4,967	1,721
Minority interest	2,749	1,250
Disposal of fixed assets	9,283	8,601
Deferred income	11,560	—
Extraordinary item	—	1,724
Mortgage loan	2,200	—
	<u>160,426</u>	<u>113,749</u>
Application of Funds		
Capital expenditure	177,933	126,833
Profit sharing paid	5,649	3,685
Dividends paid	17,493	13,913
Tax paid	8,029	9,359
Net investment in Associates	(3,122)	410
Redemption of debentures	320	249
	<u>206,302</u>	<u>154,449</u>
Reduction in Working Capital		
Increase in net creditors	37,311	57,311
Deduct increase in stocks	7,488	14,287
	<u>29,823</u>	<u>43,024</u>
(Decrease)/Increase in Net Liquid Funds	<u>(16,053)</u>	<u>2,324</u>

Notes on the Historical Cost Accounts

1 Share Capital

	£000
Ordinary Shares of 25p each	
Authorised—400,000,000 shares (1982—200,000,000 shares)	100,000
Issued at 27th February 1982—169,031,250 shares fully paid	42,258
Shares issued — Savings-Related Share Option Schemes	77
— Executive Share Option Schemes	828
— Profit Sharing Scheme	163
— Capitalisation issue (Note 1c)	42,289
Issued at 26th March 1983 — 342,459,404 shares fully paid	85,615

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 26th March 1983 were as follows:

Options granted	Price	Options exercised in the year		Options outstanding at the end of the year	
		Number of options	Shares issued	Number of options	Shares under option
5th November 1976	25½p	89	105,262	—	—
4th November 1977	54½p	165	194,965	108	117,512
3rd November 1978	52½p	3	1,942	323	443,324
2nd November 1979	72p	10	5,527	1,032	1,443,744
18th February 1981	164½p	9	2,153	2,331	2,458,674
30th October 1981	191½p	3	98	1,085	753,372
29th October 1982	374p	—	—	2,493	998,091
			309,947		6,214,717

Figures for prices and shares adjusted for capitalisation issues in December 1980 and June 1982.

b) Executive Share Option Schemes

Details of options as at 26th March 1983 were as follows:

Options granted	Price	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	77½p	118	3,201,418	12	152,192
29th January 1980	77½p	9	90,036	5	48,832
12th September 1980	127½p	1	5,570	128	1,734,364
11th September 1981	227½p	5	14,182	255	1,531,054
13th January 1983	390p	—	—	304	1,392,317
18th March 1983	390p	—	—	2	3,600
			3,311,206		4,862,359

Figures for prices and shares adjusted for capitalisation issues in December 1980 and June 1982.

c) Capitalisation

On 30th June 1982 the authorised capital of the Company was increased from £50,000,000 to £100,000,000 by the creation of 200,000,000 additional ordinary shares of 25p. Amounts of £1,760,253 standing to the credit of the Share Premium Account and £40,528,690 standing to the credit of the Profit and Loss Account were capitalised, and applied in issuing 169,155,774 shares of 25p to existing holders in the proportion of one new ordinary share for every one ordinary share registered on 4th June 1982. These shares did not rank for the final dividend for the year paid on 23rd July 1982.

2 Reserves	Group £000	Subsidiaries £000	Associates £000	Company £000
Profit and Loss Account	259,706	(181)	5,236	254,651
Balance 27th February 1982	58,899	233	2,955	55,711
Profit retained	(40,529)	—	—	(40,529)
Capitalisation issue (Note 1c)	3,890	—	—	3,890
Transfer from Revaluation Reserve				
	<u>281,966</u>	<u>52</u>	<u>8,191</u>	<u>273,723</u>
Balance 26th March 1983				
Share Premium Account	1,700	—	—	1,700
Balance 27th February 1982	3,899	—	—	3,899
Premiums arising on shares issued during the year	(1,760)	—	—	(1,760)
Capitalisation issue (Note 1c)				
	<u>3,839</u>	<u>—</u>	<u>—</u>	<u>3,839</u>
Balance 26th March 1983				
Revaluation Reserve	45,541	—	—	45,541
Balance 27th February 1982				
Transfer to Profit and Loss Account in respect of property disposals during the year	(3,890)	—	—	(3,890)
	<u>41,651</u>	<u>—</u>	<u>—</u>	<u>41,651</u>
Balance 26th March 1983				
Reserves 26th March 1983	<u>327,456</u>	<u>52</u>	<u>8,191</u>	<u>319,213</u>

The Revaluation Reserve represents the balance of the unrealised surplus arising on the 1973 revaluation.

3 Loan Capital

	1983 £000	1982 £000
6½% First Mortgage Debenture Stock 1988/93	1,714	1,982
7½% First Mortgage Debenture Stock 1987/92	627	662
Accrued interest	37	54
8% Irredeemable Unsecured Loan Stock	2,865	2,865
Mortgage Loan	2,200	—
	<u>7,443</u>	<u>5,563</u>

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

a) By redemption at par within five years of the terminal date.

b) By yearly drawing out of a sinking fund to be established for the purpose.

The sinking fund obligations in any year may be satisfied by tendering, at the lower of par or inclusive cost, stock previously purchased by the Company; the obligations in respect of both stocks arising in the year ended 26th March 1983 have been met in this way.

The nominal value of debenture stock redeemed between 27th March 1983 and 24th May 1983 amounted to £21,275.

The mortgage loan is interest free and is repayable in two equal parts on 1st October 1984 and 1st October 1986.

4 Fixed Assets

	Group			Company		
	Land and Buildings £000	Plant Equipment & Vehicles £000	Total £000	Land and Buildings £000	Plant Equipment & Vehicles £000	Total £000
Cost or Valuation						
At 27th February 1982	287,972	179,147	467,119	282,675	177,671	460,346
Additions	114,613	59,934	174,547	97,185	56,566	153,751
Disposals	(8,114)	(5,828)	(13,942)	(8,032)	(5,784)	(13,816)
At 26th March 1983	<u>394,471</u>	<u>233,253</u>	<u>627,724</u>	<u>371,828</u>	<u>228,453</u>	<u>600,281</u>
Depreciation						
At 27th February 1982	2,010	52,951	54,961	2,000	52,809	54,809
Provided in the year	492	18,946	19,438	464	18,698	19,162
Disposals	(151)	(4,508)	(4,659)	(151)	(4,486)	(4,637)
At 26th March 1983	<u>2,351</u>	<u>67,389</u>	<u>69,740</u>	<u>2,313</u>	<u>67,021</u>	<u>69,334</u>
Net Book Value						
At 26th March 1983	<u>392,120</u>	<u>165,864</u>	<u>557,984</u>	<u>369,515</u>	<u>161,432</u>	<u>530,947</u>
Term Secured Loan for Store Development (1982 £4,505,000)			7,891			7,891
At 26th March 1983			<u>565,875</u>			<u>538,838</u>
At 27th February 1982	285,967	126,196	416,663	280,675	124,862	410,042

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

	Group			Company		
	At Cost £000	At 1973 Valuation £000	Total £000	At Cost £000	At 1973 Valuation £000	Total £000
Analysis of Land and Buildings at 26th March 1983						
Freehold	191,655	42,889	234,544	173,549	42,889	216,438
Long Leasehold	132,857	15,064	147,921	129,152	15,064	144,216
Short Leasehold	10,014	1,992	12,006	9,182	1,992	11,174
	<u>334,526</u>	<u>59,945</u>	<u>394,471</u>	<u>311,883</u>	<u>59,945</u>	<u>371,828</u>

5 Subsidiaries

5 Subsidiaries		Share of Ordinary Issued Capital
Homebase Limited		75%
J Sainsbury (Farms) Limited		100%
J. Sainsbury (Properties) Limited		100%
The Cheyne Investments Limited		100%
J. Sainsbury Trustees Limited	}	Limited by guarantee
The Sainsbury Charitable Fund Limited		
All subsidiaries operate in the United Kingdom.		

	Company	
	1983 £000	1982 £000
Shares at cost	16,967	8,717
Amounts due to subsidiaries	(4,217)	(4,217)
Amounts due from subsidiaries	7,907	4
	<u>20,657</u>	<u>4,504</u>

6 Associates: Unlisted

	Share of Issued Capital	Share of Profit or (Loss) Before Tax	
		1983 £000	1982 £000
SavaCentre Limited 16,180,050 "B" Ordinary Shares of £1 each	50%	4,000	1,506
SavaCentre (Leasing) Limited 50 "B" Ordinary Shares of £1 each			
Haverhill Meat Products Limited 500,000 "B" Ordinary Shares of £1 each	50%	1,642	1,04
Breckland Farms Limited 200,000 "B" Ordinary Shares of £1 each 141,532 1% Redeemable Preference Shares of £1 each	50%	266	163
Kings Reach Investments Limited 28,760 Ordinary Shares of 1p each	28.76%	(130)	(213)
		<u>5,778</u>	<u>2,497</u>

	Group		Company	
	1983 £000	1982 £000	1983 £000	1982 £000
Shares at cost or valuation	17,339	17,339	17,339	17,339
Advances	3,299	6,121	3,299	6,121
Share of retained profits and reserves	8,191	5,236	—	—
	<u>28,829</u>	<u>28,696</u>	<u>20,638</u>	<u>23,460</u>

The share of results of the Associates relates to an accounting period of one year, with the exception of the two SavaCentre companies which relate to a period of 56 weeks.

The share 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 audited accounts produced within three months of the balance sheet date.

The reserves shown above are after deducting a dividend received by J Sainsbury plc of £300,000.

All Associates operate in the United Kingdom.

7 Current Assets

	Group		Company	
	1983 £000	1982 £000	1983 £000	1982 £000
Stocks	141,519	134,03	136,513	132,384
Debtors and prepayments	17,347	9,723	16,479	9,473
Short term investments and securities	—	9,907	—	9,907
Cash	38,892	30,083	38,230	30,081
	<u>197,758</u>	<u>183,744</u>	<u>191,222</u>	<u>181,745</u>

8 Current Liabilities

	Group		Company	
	1983 £000	1982 £000	1983 £000	1982 £000
Creditors	251,431	204,923	245,814	203,916
Bank overdrafts and unrepresented cheques	58,872	43,917	55,897	42,085
Tax	36,148	16,348	36,148	16,348
Dividends (Note 12)	13,527	10,987	13,527	10,987
	<u>359,978</u>	<u>276,175</u>	<u>351,386</u>	<u>273,336</u>

9 Deferred Income and Tax

	1983 £000	1982 £000
Surpluses on sale and leaseback of properties	11,060	
Deferred Tax	1,935	1,435
	<u>1,935</u>	<u>1,435</u>

- a) No taxation has been provided on the surpluses on sale and leaseback of properties because of rollover relief.
b) The potential liabilities for deferred tax and the amount provided in respect of each are as follows:

	Group		Group	
	1983 Total £000	Provision £000	1982 Total £000	Provision £000
Timing differences between depreciation and capital allowances (Company £87,864,000)	90,095	—	67,553	—
Other timing differences including payments for consortium group relief under indemnities	1,935	1,935	1,435	1,435
Potential capital gains on disposal of properties at net book value including net gains already deferred	26,700	—	22,500	—
	<u>118,730</u>		<u>91,433</u>	
		<u>1,935</u>		<u>1,435</u>

Balance at 26th March 1983

10 Retail Profit

	Group	
	1983 50 weeks £000	1982 52 weeks £000
The Group Profit has been arrived at after:		
Charging		
Depreciation	19,423	13,856
Pension scheme contributions	11,457	9,106
Bank and other interest	2,646	477
Directors' emoluments (Note 13)	803	701
Loan stock interest	246	224
Debenture interest	182	180
Auditors' remuneration (Company £92,000)	107	92
Pensions to former Directors	80	68
Directors' fees	32	26
Crediting		
Interest	2,930	5,070
Share of surplus on sale and leaseback of properties	758	—
Profit on redemption of debentures	75	70
Income from listed investments	31	36

The policy of treating surpluses arising on sale and leaseback of properties set out on page 17 differs from that adopted in previous years as it has now become a more frequent occurrence of the business. Accordingly the share of surpluses is now included as retail profit and no longer an extraordinary item.

No restatement has been made for prior years as the effect is considered immaterial. If the amounts of relevant surpluses taken as extraordinary items had been restated, the retail profit would have increased by £1,612,000 (1982 £1,028,000 with the profit attributable to shareholders reduced by £2,958,000); the reserves carried forward at 27th February 1982 would have been reduced by a transfer of £6,164,000 to Deferred Income.

11 Tax

The tax charge for the year is:

	Group	
	1983	1982
	£000	£000
Corporation tax	26,196	15,475
Deferred tax	500	(480)
Share of Associates' tax	2,523	219
Payment for consortium group relief	545	205
	<u>29,764</u>	<u>15,419</u>

The corporation tax charge of £26,196,000 is calculated after taking the benefit of stock relief, capital allowances and group relief totalling £73,728,000 and is payable in two instalments, in December 1983 and January 1984. Capital allowances have been calculated on the same basis as in previous years. A recent High Court decision (*Stokes v Costain Property Investments Limited*) has excluded certain types of plant and equipment on which relief has been claimed. It is understood that the decision will be challenged, and so pending clarification no estimate of the sums involved is practical. The Company is not a "close company" under the terms of the Income and Corporation Taxes Act 1970.

12 Dividends

	Company	
	1983	1982
	£000	£000
Interim	6,506	5,493
Proposed final	13,527	10,987
	<u>20,033</u>	<u>16,480</u>

The interim dividend of 1.90p per share, paid on 21st January 1983, is equivalent to 2.71p gross, and the proposed final of 3.95p per share is equivalent to 5.64p gross, assuming a standard rate of income tax of 30%.

13 Directors' Emoluments

	1983		1982	
	56 weeks	52 weeks	56 weeks	52 weeks
Chairman	£94,000	£77,500		
Emoluments of all Directors fell within the following ranges:				
	1983		1982	
	56 weeks	52 weeks	56 weeks	52 weeks
£ 5,001-£10,000	2	2	1	—
£10,001-£15,000	1	1	1	—
£15,001-£20,000	—	2	3	1
£20,001-£25,000	—	3	—	1
£25,001-£30,000	—	1	1	—
£30,001-£35,000	—	4	1	—
£35,001-£40,000	5	—	—	—

14 Employees' Emoluments

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

	1983	1982
	56 weeks	52 weeks
£30,001-£35,000	8	3
£35,001-£40,000	3	—
£40,001-£45,000	2	—

15 Future Capital Expenditure

	1983	1982
	£000	£000
Contracted for but not provided for in the accounts	68,268	67,927
Authorised but not contracted for to date by Board of Directors	119,738	76,247

16 Contingent Liabilities

The Group has guaranteed facilities for Associates to the extent of £5,500,000 (1982 £5,513,000) at the date of approval of these Accounts. Other contingent liabilities amounted to £175,000 (1982 £178,000) at that date.

Notes on the Current Cost Accounts

1 General Notes

- a) The current cost accounts have been prepared in accordance with the principles set out in Statement of Standard Accounting Practice No. 16 and the related Guidance Notes issued by the Accounting Standards Committee.
- b) The Accounting Policies of the Group used in preparation of the historical cost accounts have been adopted in the current cost accounts.

2 Reserves

	1983 £000	1982 £000
Profit and Loss Account		
Balance 27th February 1982	223,474	178,150
Retained Current Cost Profit	49,246	42,147
Capitalisation Issue	(40,529)	—
Transfer from Revaluation Reserve	3,890	3,177
Balance 26th March 1983	236,081	223,474
Current Cost Reserve		
Balance 27th February 1982	233,923	200,815
Revaluation Surpluses reflecting price changes		
Land and Buildings	43,865	12,083
Plant, Equipment and Vehicles	70	3,111
Trading Stocks	(102)	(105)
Associates	325	5,704
Minority Interest	(66)	—
	44,092	20,793
Current Cost Adjustments	11,392	13,611
Gearing Adjustment	(1,730)	(1,296)
Balance 26th March 1983	287,677	233,923
Share Premium Account		
Balance 26th March 1982	3,839	1,700
Revaluation Reserve		
Balance 26th March 1983	41,651	45,541
Total Reserves	569,248	504,638

The Share Premium Account and the Revaluation Reserve are as set out in Note 2 to the historical cost accounts on page 24.

The Current Cost Reserve represents the amount set aside by the Group to maintain the operating capability of the business to the extent that this has not already been allowed for in the historical cost accounts.

The proportion of the Current Cost Reserve which has been passed through the Profit & Loss Account is £45,885,000 (1982 £36,232,000). The Current Cost Reserve also includes £11,560,000 of deferred income.

3 Fixed Assets

- a) An internal valuation of the Group's property portfolio was carried out by the Group'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 (averaging 7.2% in 1982/83) and incorporated into the current cost accounts and the surplus included in the Current Cost Reserve.

- b) Official price indices published by the Central Statistics Office have been applied to plant, equipment and vehicles (Index 4.6%).

	Gross £000	Depreciation £000	Net £000
Land and Buildings	578,977	2,050	576,927
Plant, Equipment and Vehicles	348,333	153,067	195,266
	<u>927,310</u>	<u>155,117</u>	<u>772,193</u>

Term secured loan for store development	7,391
	<u>780,034</u>

4 Current Cost Adjustments

	1983 £000	1982 £000
Depreciation	10,766	10,599
Cost of Sales	6,260	9,548
Monetary Working Capital	(6,260)	(9,548)
Extraordinary Items	—	2,095
	<u>10,766</u>	<u>12,694</u>
Associates	626	917
	<u>11,392</u>	<u>13,611</u>

a) Depreciation

The depreciation adjustment is the difference between the depreciation calculated on the replacement cost of fixed assets at the Balance Sheet date and that charged in the historical cost accounts.

b) Cost of Sales

The cost of sales adjustment represents the difference between the actual and the estimated replacement cost of products at the time of sale.

c) Monetary Working Capital

The monetary working capital adjustment represents the effect of price changes on creditors and unrepresented cheques, less debtors. It has been restricted to the cost of sales adjustment since monetary working capital is a credit greater than the value of stock. The excess net credit has been included in net borrowings in calculating the gearing adjustment.

- d) The adjustments for b) and c) have been based on price indices maintained by the Company relative to its own trade. The averaging method has been used (Index 5.0%).

5 Net Operating Assets

The net operating assets of £824,810,000 (1982 £642,765,000) were provided by a total shareholders' interest of £672,719,000 (1982 £559,317,000) and net borrowings of £152,091,000 (1982 £83,448,000).

6 Gearing Adjustment

The gearing adjustment reduces the current cost operating adjustments to the extent that net operating assets are financed out of net borrowings rather than shareholders' funds.

Directors' and Other Interests

	Ordinary Shares						Loan Stock			
	Beneficial		Non-Beneficial		Options		Beneficial		Non-Beneficial	
	1983*	1982	1983*	1982	1983*	1982	1983	1982	1983	1982
Sir John Sainsbury	32,970,181	16,806,214	3,144,760	1,577,380	116,439	125,574	50	50	455,000	455,000
E. R. Griffiths	32,221	8,286	—	—	113,067	118,643	—	—	—	—
P. J. Davis	10,669	712	—	—	90,879	92,039	—	—	—	—
T. A. D. Sainsbury MP	30,708,220	15,867,018	4,338,196	1,696,098	—	—	9,197	9,197	—	—
D. J. Sainsbury	95,663,776	48,296,138	161,264	130,632	68,354	68,578	—	—	2,095	2,095
G. C. Hoyer Millar	99,985	5,212	—	—	89,452	92,949	—	—	—	—
J. H. G. Barnes	22,116	6,774	—	—	86,355	92,691	—	—	—	—
L. S. Payne	3,997	1,812	—	—	90,660	94,074	—	—	—	—
C. Roberts	23,449	14,038	—	—	72,266	77,763	—	—	—	—
R. A. Ingham	33,385	4,912	—	—	73,683	78,728	—	—	—	—
R. T. Vyner	19,837	232	—	—	81,058	83,326	—	—	—	—
R. A. Clark	32,599	4,482	—	—	67,776	70,225	—	—	—	—
D. E. Henson	373	—	—	—	104,996	80,495	—	—	—	—
Sir James Spooner	1,000	—	—	—	—	—	—	—	—	—
Mrs. J. Jenkins	—	—	—	—	—	—	—	—	—	—

1,176,956 shares* (1982 738,886) are duplicated under beneficial holdings.

*after capitalisation issue in June 1982.

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 24th April 1983 the total holdings of the trusts of which the above are trustees amounted to 11%, 10%, 9% and 8% respectively. As trustees and beneficially, S. D. Sainsbury and Lady (Robert) Sainsbury hold 13% and 5% respectively.

Between 26th March 1983 and 24th April 1983 there were no changes in the Directors' interests.

Shareholders' Interests

Number of Shareholders 28,447 (1982 22,034)

Shareholdings Range	Shareholders %		Shares %	
	1983	1982	1983	1982
100 and under	4.58	10.67	0.03	0.11
101 to 250	12.11	43.26	0.20	1.11
251 to 500	37.40	16.58	1.24	0.82
501 to 1,000	19.99	13.96	1.26	1.41
1,001 to 10,000	23.58	13.84	5.06	4.28
10,001 to 100,000	1.60	1.03	3.94	4.71
100,001 to 1,000,000	0.58	0.53	15.75	20.10
over 1,000,000	0.16	0.13	72.52	67.46
	100.00	100.00	100.00	100.00

Category of Shareholders

	Shareholders %		Shares %	
	1983	1982	1983	1982
Pension Funds	0.30	0.22	7.71	7.01
Insurance Companies	0.49	0.42	5.55	5.61
Investment Trusts	0.12	0.12	0.17	0.17
Banks and Nominee Companies	5.06	2.84	12.59	11.26
Other Corporate Bodies	1.16	1.14	4.43	4.53
Other Shareholders	92.37	95.20	69.53	71.42
	100.00	100.00	100.00	100.00

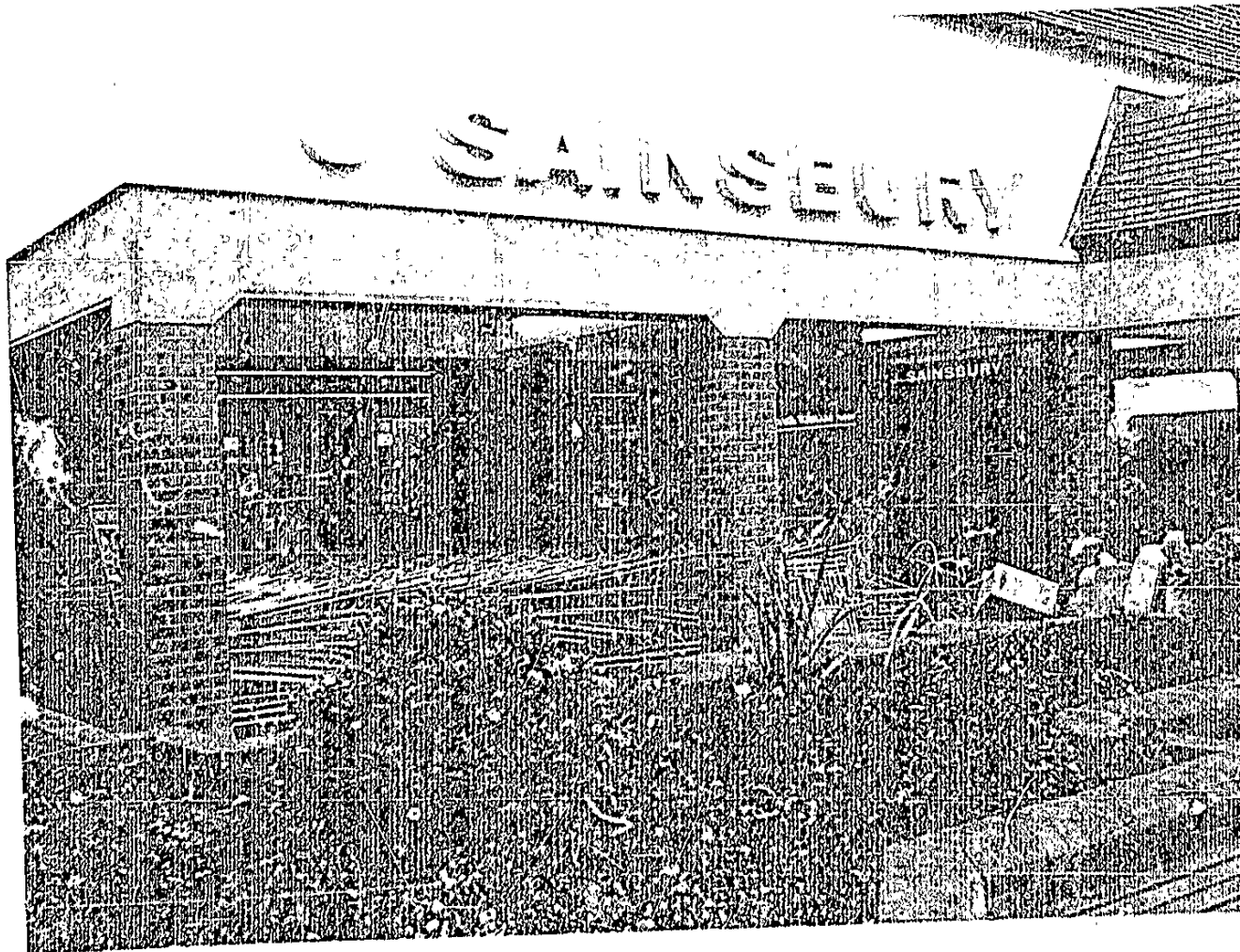
Financial Calendar

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 - Financial Year 1983/84

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 sixty-first Annual General Meeting of J Sainsbury plc will be held at the Plaisterers Hall, 1 London Wall, London EC2 on Wednesday, 6th July 1983 at 12 noon for the following purposes:

- 1 To receive and adopt the Report of the Directors and the Financial Statements for the 56 weeks to 26th March 1983 and the Report of the Auditors thereon.
- 2 To declare a final dividend on the ordinary shares.
- 3 To re-appoint Mr. T. A. D. Sainsbury as a Director.
- 4 To re-appoint Clark Whitehill as Auditors and to authorise the Directors to fix their remuneration.

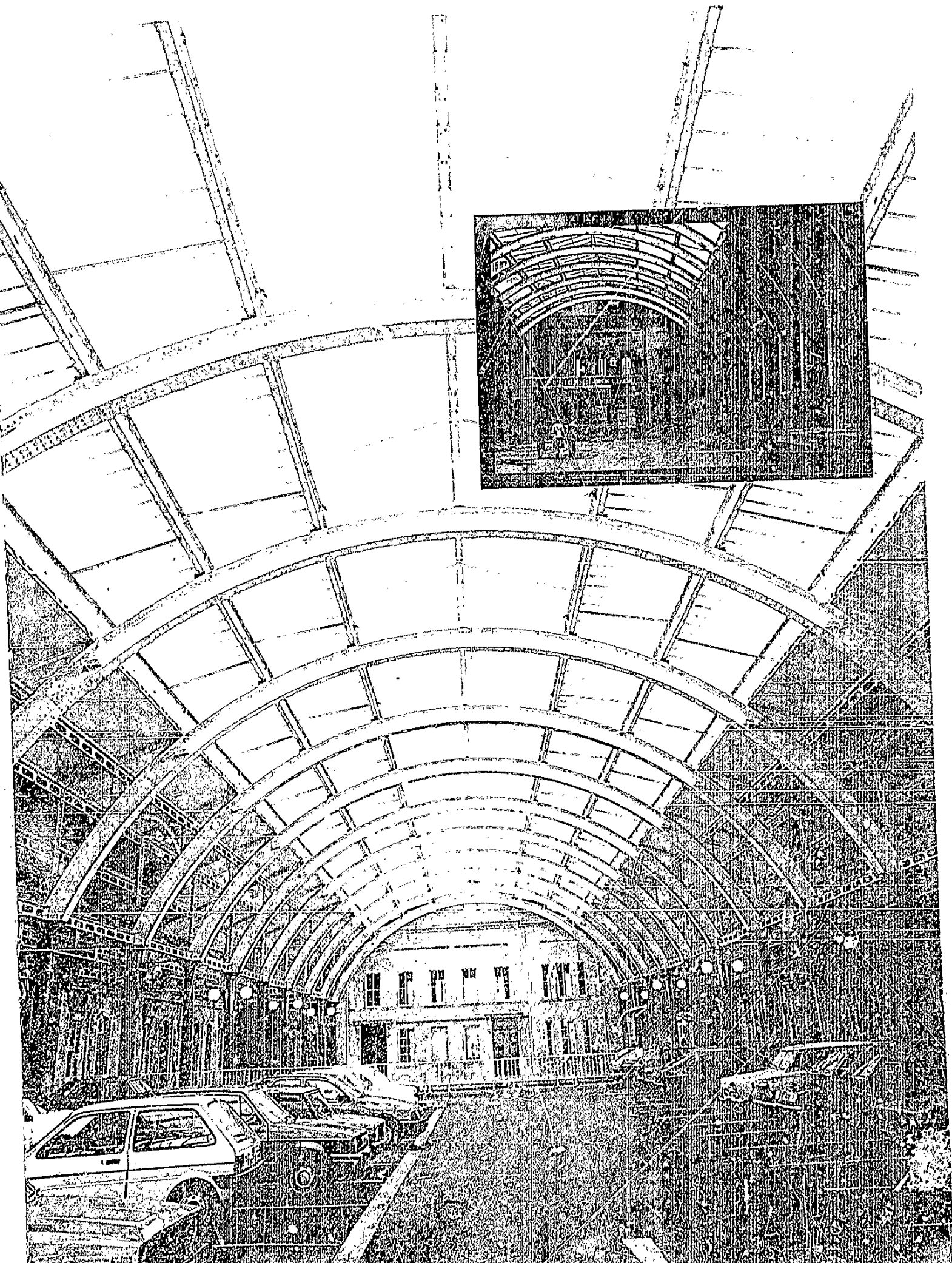
By Order of the Board
N. F. Matthews
Secretary

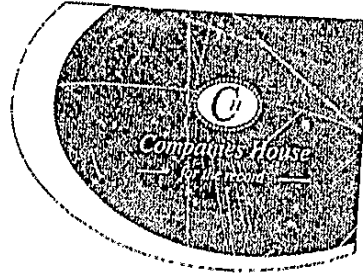
24th May 1983

Notes

- 1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 2 Although this Annual Report is sent to Debenture and Loan Stockholders, and to beneficial owners of shares under the Share Trust of the Company's Employee Profit Sharing Scheme, only holders of ordinary shares or their proxies are entitled to attend and vote at this meeting.
- 3 There will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturday excepted) from the date of this Notice until the date of the meeting and at the place of the meeting for fifteen minutes prior to and during the meeting:
 - i) The Register of Directors' Interests kept by the Company under Section 29 of the Companies Act 1967.
 - ii) Copies of all service contracts for periods in excess of one year between the Directors and the Company.

Shareholders are asked to note that the venue for this year's Annual General Meeting has changed from previous years. A map showing the location of the Plaisterers Hall is given on the attendance card.





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NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that documents in this company's microfiche record have pages which are illegible.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

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

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

Companies House is a registry of company information. We carry out basic checks to make sure that documents have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. We accept all information that companies deliver to us in good faith and place it on the public record. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.