

SAINSBURY'S

A N N U A L
R E P O R T
&
A C C O U N T S

1992

COMPANY OBJECTIVES

To discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards, and by contributing to the public good and to the quality of life in the community.

To provide unrivalled value to our customers in the quality of the goods we sell, in the competitiveness of our prices and in the range of choice we offer.

In our stores, to achieve the highest standards of cleanliness and hygiene, efficiency of operation, convenience and customer service, and thereby create as attractive and friendly a shopping environment as possible.

To offer our staff outstanding opportunities in terms of personal career development and in remuneration relative to other companies in the same market, practising always a concern for the welfare of every individual.

To generate sufficient profit to finance continual improvement and growth of the business whilst providing our shareholders with an excellent return on their investment.

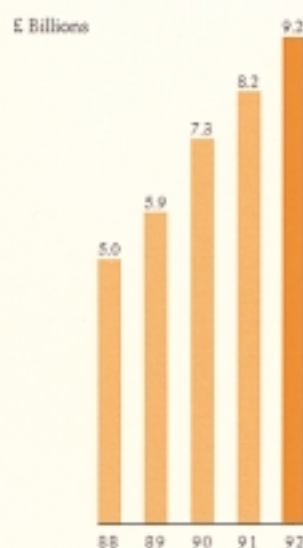
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FINANCIAL HIGHLIGHTS

£ million	1992 52 weeks to 14th March	1991 52 weeks to 16th March	% Increase
Group Sales	9,202.3	8,200.5	12.2
UK Sales	8,159.2	7,231.7	12.8
UK Operating Profit	646.3	554.8	16.5
US Sales	1,043.1	968.8	7.7
US Operating Profit	21.4	30.2	(29.1)
Interest Receivable (Payable)	12.7	(35.6)	
Associates	1.2	0.3	
UK Profit Sharing	(49.4)	(44.0)	
Group Profit (before Property Items)	632.2	505.7	25.0
Property Items	(4.2)	12.5	
Group Profit before Tax	628.0	518.2	21.2
Earnings per Share (Fully Diluted before Property Items)	25.43p	21.74p	17.0
Dividend per Share – net for year	8.75p	7.27p	20.4

GROUP SALES



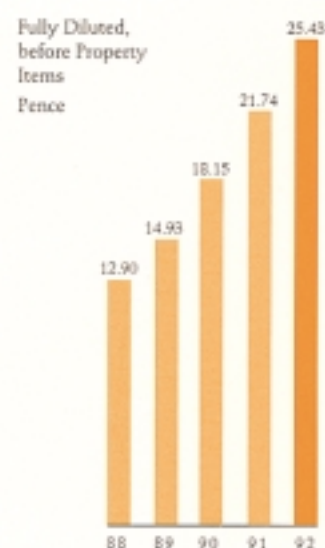
Group sales increased by £1 billion to £9.2 billion.

GROUP PROFIT



Group profit increased by 25% to £632.2 million, the highest real increase for four years.

EARNINGS PER SHARE



Earnings per share increased by 17% to 25.43 pence.



The Chairman, Lord Sainsbury, with customers at the opening of the Company's first Scottish supermarket in Darnley, outside Glasgow.

CHAIRMAN'S STATEMENT

THE YEAR'S PERFORMANCE

I am delighted to report another year's good performance. Group profit before property items increased by 25% to £632 million. This brings the compound rate of profit growth over the last 20 years to 23%. Excluding the benefits of the rights issue the increase for last year was a very satisfactory 18.4%.

The year's results reflect better than expected sales in the second half, improving productivity and a very close control of costs. With the supermarket trade as competitive as ever, we gained advantage from the fact that we had exceptionally keen prices at this time.

For many years our investment in large modern stores has brought about an improving profit margin. These stores carry a much wider range of both food and non-food products, the latter now typically representing over one-third of sales. This generates a higher gross margin, larger customer transactions and higher sales per square foot. As a result operational costs are lower and net profit margins are significantly higher than in older, smaller stores.

UK operating margins rose by 0.2 percentage points to 7.9%. This level of net margin should be seen in the context of the very high cost of modern supermarkets. Our Group return on capital employed was 21.4%, a similar level to that achieved last year. This is a satisfactory but far from excessive level of return.

Earnings per share rose by 17% and dividend per share has been increased by 20%. Dividends per share are two-and-a-half times greater than five years ago, and have risen by 20% or more in each of the last 13 years.

Sainsbury's and its subsidiaries now serve over nine-and-a-half million customers each week and both Group sales and profit before tax exceed those of any other UK-based retailer. However, it is the value we offer our customers and the quality of our operation that are our overriding objectives; the pursuit of excellence rather than the pursuit of size.

SAINSBURY'S SUPERMARKETS AND HYPERMARKETS

Total sales in UK supermarkets and Savacentre increased by 12.9% and our market share rose from 10% to 10.4%.

Twenty-one supermarkets were opened and seven closed giving our largest ever net increase in sales area of 681,000 square feet. Over 40% of total sales area is less than five years old. The year's new supermarkets included our first in Scotland and our largest, near Southampton, in a joint development with Marks & Spencer. New stores are performing well and the quality of the sites on



Communication is an important aspect of retailing, and Sainsbury's skills in this area were recognised by a number of awards last year. We received the 1992 award for the best published accounts given by the London Stock Exchange and Institutes of Chartered Accountants. Awards were also received for employee communications, training videos and advertising.

our forward programme is outstanding.

Generally the requirements of our customers are now best served in stores with a sales area of between 30,000 and 40,000 square feet and we anticipate continuing to open such stores at about the current annual rate. Our long-term development plan identifies a requirement for over 150 new stores, about one-third of which would replace our oldest supermarkets. With approximately 30% of the population of Great Britain living outside the catchment areas of our stores, there remains, therefore, considerable scope for future expansion.

Since December we have traded on Sundays in our hypermarkets and in about a third of our supermarkets. We introduced Sunday trading following prior action by our competitors and in the light of overwhelming evidence that the majority of customers wished to have the convenience of Sunday shopping. It has proved even more popular than we expected and the need for the law to be clarified is now most urgent.

THE SAINSBURY BRAND AND OUR SUPPLIERS

More than 7,000 products are marketed under the Sainsbury brand and these generate over two-thirds of our sales, a far higher proportion of 'own label' business than that of other supermarket companies. The Sainsbury brand has been built on the premise that its products must be as good as, or better than, leading brands. Many new and innovative lines were added to the range during the year.

We have around 2,000 suppliers, the majority of whom have served us regularly over many years. We source 90% of our 'indigenous' food supplies from the UK. I would like to express my appreciation to all suppliers, at home and overseas, for the excellent service they provide, and extend particular thanks to all those companies who, over the 23 years of my Chairmanship, have supplied us with Sainsbury products. Their dedication and commitment to collaborate with us in developing new products and enhancing quality has



The Chairman, Lord Sainsbury, with his cousin, Deputy Chairman, David Sainsbury, in the Ladbroke Grove store. David Sainsbury becomes Chairman on Lord Sainsbury's retirement in November.

been responsible for the huge success of the Sainsbury brand over these many years.

DEVELOPMENT OF SUBSIDIARIES

Savacentre's sales grew by 14% to £544 million and operating profit by 22.5% to £28.4 million. Sales in newly refurbished and recently opened Savacentres showed encouraging growth. Savacentre will be further integrated with Sainsbury's systems, administration and

buying whilst retaining its separate marketing identity and operating responsibility.

Despite adverse market conditions, Homebase's sales increased by 15% to £258 million and operating profit grew by 17.7% to £15.5 million. Four new stores were opened and one closed, bringing the total number of Homebases to 64. A further seven stores will open in 1992/93 and a new depot will start operating shortly.

The New England market was badly affected by the US recession. Shaw's suffered from this although, broadly, they were able to maintain market share. Sales increased by 2.4% to \$1.8 billion, constrained by having only three new store openings. Operating profit declined by 33% to \$37.2 million. Despite these disappointing results we are confident that Shaw's has considerable potential. During the year the introduction of Shaw's label products, modelled on Sainsbury's standards, achieved outstanding success.

INVESTMENT FOR THE FUTURE

Group capital expenditure at £766 million was slightly below the previous year. It is anticipated that capital investment will continue at a similar level in the years ahead.

Sainsbury's first-ever rights issue took place in June 1991. This one-for-ten issue raised £489 million and provides a secure base for financing our continuing development programme. The issue proved to be well timed and popular with shareholders. At the year end, net Group borrowing was equivalent to 17% of shareholders' funds compared to 44% at the end of last year.



Jane Thorn, delicatessen assistant, serves a customer 'loose' bacon at our recently opened Hedge End store. Hedge End is one of 192 stores now selling 'loose' bacon.

CHANGES ON THE BOARD

Mr Derek Henson retires in June 1992 on reaching sixty. He joined the Board in 1979 and has served as Financial Controller and Finance Director since that date. I should like to express my sincere appreciation for his invaluable contribution to the Board, and the Homebase Board, and to the smooth working and development of our financial administration. It is a pleasure to welcome Miss Rosemary Thorne as our new Finance Director; she joins the Board from Grand Metropolitan, having had experience in a number of retail companies.

In December 1991 Mr Gurth Hoyer Millar retired from the Board which he first joined as an Executive Director in 1967. I paid tribute to his considerable contribution when he retired as Development Director, but I would like to take this opportunity to thank him for all he has done as a Non-Executive Director and Chairman of Homebase.

Lord Prior, who has been a Non-Executive Director since 1985, will be retiring at the Annual General Meeting, as he will shortly be sixty-five. We have greatly valued his wise counsel over the past seven years, and I should like to thank him for his contributions to our affairs.

RETIREMENT AS CHAIRMAN

As has already been announced, it is my intention to retire as Chairman and member of the Board at the half-year, in November, when I reach sixty-five. Having joined the Company in 1950, I have been most fortunate to have had such a long and enjoyable career. I became Chairman twenty-three years ago and have had the privilege of heading a very strong team who have led the business to its present pre-eminent position in the retail trade. In 1969 we had just 82 supermarkets. Today, if we include Savacentre and Shaw's, we have almost 400, on average three-and-a-half times larger than in 1969, as well as 66 Homebase DIY stores. In those 23 years our sales have grown eight-fold in real terms.

However, there are two changes that give me particular satisfaction on my retirement. Firstly, that

today we are able to give our customers so much more choice, convenience and comfort when shopping than was ever possible in 1969. Secondly, since we became a public company an ever increasing number of staff have become shareholders. Today over one-third of UK staff own Sainsbury shares. This has been achieved through our Profit Sharing Scheme, which since 1980 has allocated more than £250 million, and through our Savings-Related Share Option Scheme. Since the flotation in 1973 our shares have increased in value at a compound rate of over 23.8% per year (12.6% adjusted for inflation) so that share ownership has been a significant benefit to staff. At the same time the Company has gained greatly from many staff having a stake in the Company.

THANKS TO STAFF

I should like to end my last Chairman's Statement by expressing my thanks and appreciation to all staff. The past year has not been an easy one, with difficult trading conditions throughout the Group. In the UK there has been the added competitive feature of Sunday trading. Staff everywhere have responded magnificently to the challenges of the year and 'given their all' in the intensely competitive climate we have. Our success in the past year is their success and a clear demonstration of their abilities and commitment to serving the customer as well as is possible.

I pay tribute to all those staff, both past and present, who have worked for the Company during my Chairmanship. They have followed what, within the Company, is often called the 'JS tradition' and shown a spirit and determination to excel and out-perform competition during all these years. I am deeply grateful to them all for making possible the success we have enjoyed during my term as Chairman.

To conclude, I should like to express my great confidence in the top management to be led on my retirement by my cousin David Sainsbury. I know they will take the business from strength to strength. I wish them every success in the years ahead.



Sainsbury, Chairman

JOHN SAINSBURY'S CHAIRMANSHIP

1969-1992

23 YEARS OF CHANGE

	1969	1992	
GROUP			23 YEAR COMPOUND GROWTH
SALES	£166m (£1,200m) ¹	£9,202m	19% p.a.
PROFIT BEFORE TAX	£4.3m (£33m) ¹	£628m	24% p.a.
Retail Prices Index	100	767	
Number of stores:			
Supermarkets	82	313	
Service shops	162	0	
Savacentre	0	9	
Homebase	0	64	
Shaw's	0	73	
Total	244	459	

SAINSBURY'S SUPERMARKETS

Market Share ^{2 3}	2.5%	10.4%
Total Sales Area ('000sq ft) ³	850	8,430
Average size of new supermarkets	8,120 sq ft	34,890 sq ft
Sales per store per week	£13,100 (£93,200) ¹	£460,800
Sales per sq ft per week	£3.76 (£26.82) ¹	£18.51
Range:		
Total	4,000	16,000
Sainsbury brand	1,500	8,000
Customers per week ³	c. 2m	7.5m (Group 9.5m)
Sales per Employee per week ⁴	£135 (£968) ¹	£2,598
Profit Sharing	See Below*	£49.4m

FLOTATION OF COMPANY

1973

Capital Employed	£132m	£3,113m at year end
Market Capitalisation	£117m	£8,155m ⁵
Earnings per Share ⁶	0.48p	25.43p
Dividend per Share ⁶	0.25p	8.75p
Share Price ⁶	9p	464p ⁵

KEY DATES

1973	Flotation of Company	1979*	Introduced Staff Profit Sharing Scheme, since when over £250m has been allocated
1975	Launched Savacentre		
1979	Launched Homebase	1987	Acquired ownership of Shaw's

¹ Figures in brackets are at 1992 prices

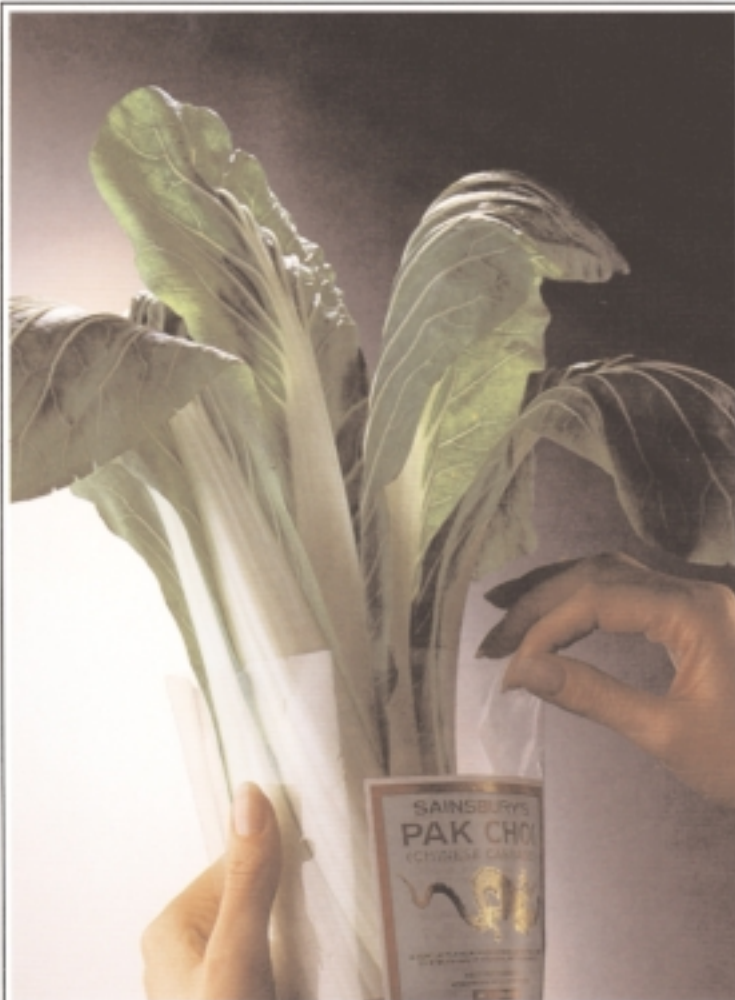
² Based on Central Statistical Office data

³ Including Savacentre

⁴ Full-time equivalent

⁵ At 15th May 1992

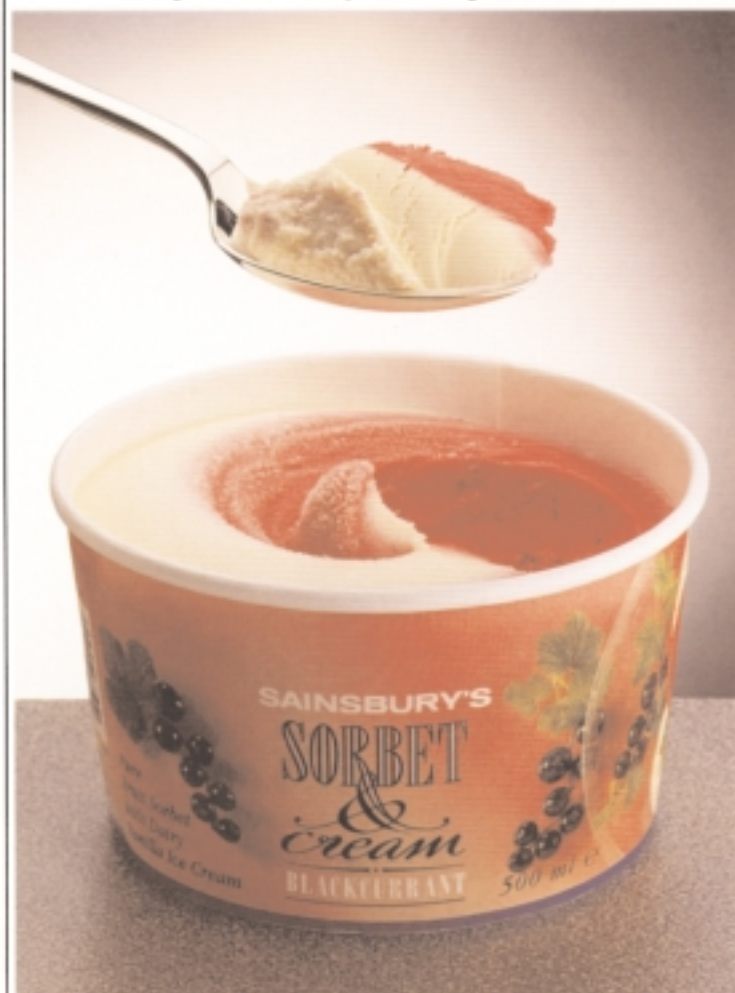
⁶ Adjusted for rights and capitalisation issues



Pak Choi, a versatile and tasty Chinese vegetable, is a new and exciting addition to the produce range.



The increasingly popular Boboli pizza, exclusive to Sainsbury's in the UK, has a base enriched with olive oil, parmesan and mozzarella cheese.



A delicious combination of sorbet and ice cream, Sainsbury's new Sorbet & Cream comes in tempting Mango, Strawberry and Blackcurrant flavours.



This Italian Extra Virgin Olive Oil Di Canino is produced exclusively for Sainsbury's by the Archibusacci family, makers of olive oil since 1700.

Increasing choice

For more than 120 years the Sainsbury name has stood for quality, value and innovation, and the vigour with which the Company dedicates itself to the pursuit of excellence is undiminished.

We serve more than seven million customers each week, and the cornerstone of our strategy is to satisfy their needs and aspirations. Developing the Sainsbury brand – by researching the market, by using our traditional retailing skills, and by the ingenuity and expertise of our buyers – enables us constantly to extend our product range and improve our level of service.

In the last 15 years, the average size of our new stores has doubled to 34,900 square feet. It is these larger stores, stocking around 16,000 lines – twice the number available in the older stores they replace – that best meet our customers' needs and preferences. They are able to provide a comfortable shopping environment offering such benefits as bakery and delicatessen counter service departments, so popular with our customers. In addition to these larger stores, of between 30,000 and 40,000 square feet, we are also developing smaller stores where appropriate to the neighbourhood.

Keenly competitive prices remain a significant part of our offer: our food prices rose by 0.5 percentage points less than UK food prices as measured by the Retail Prices Index.

Customers appreciate our pioneering use of unit

pricing, which makes price comparison easy via shelf edge labelling – just one aspect of our practice of providing clear, useful information.

NEW FOODS

Our policy is continually to develop new products while improving existing lines. Last year we introduced 1,500 new Sainsbury brand products, and made room for them by reviewing our total range from which nearly 500 lines were discontinued. In addition, many new proprietary products were introduced.

New own brand products included the Boboli pizza range, exclusive to us in the UK; Ciabatta bread, made in Italy and freshly baked in store; Condoverde pasta sauces and Antipasto, additions to the Classic Italian range; 'donuts', cookies, fudge brownies and blueberry muffins with a transatlantic flavour, and almost 50 new Ready Meals, from Indian Rogan Josh to traditional British Bread and Butter Pudding. In the same range, Meals for One, representing outstanding value, helped to increase further Sainsbury's share of this important market.

In recent years, fresh fruit, vegetables and salads have played an increasingly important role as demand has risen and customers have looked for even wider choice. In today's modern stores we have devoted considerably more space to the produce department than we were



Sainsbury's wide range of wines reflects the innovation and development achieved in this area, helping us maintain our leading market share. Last year 106 wines were introduced, of which 36 were Vintage Selection.

able to in our older, smaller stores.

The array of new products in this department included Fraises des Bois – small aromatic strawberries; pink currants; baby coconuts; Sieglinde potatoes with their waxy texture, ideal for salads, and the crisp, round, Novita lettuce.

In our larger stores we sell, in their season, almost 40 varieties of English apple, from Egremont Russet to Laxton Superb.

Well over 300 suppliers in 60 countries supply fruit and vegetables to Sainsbury's. In the UK, the co-operation between our buyers and growers has helped to extend the seasons of native new potatoes, cucumbers, crisp lettuce and sweet peppers.

We offer outstanding choice in cheese: our extensive range of 250 types of cheese includes 14 varieties of goats' cheese alone. A new idea in this area is proving extremely popular: Pick and Mix offers some 17 small pack cheeses for selection in any combination at a set price.

TECHNICAL PROGRESS

The Company continues to strengthen its links with the farming community. Our acclaimed Partnership in Livestock scheme has brought together farmers, abattoirs and Sainsbury's to produce premium meat such as Traditional Beef and Tenderlean Lamb using a combination of new technology and traditional 'hanging' techniques, following sound methods of animal welfare.



Joint Managing Director, Tom Vyner, speaking at the Annual General Meeting of the National Farmers' Union, said: "Sainsbury's will continue to source British where and when we can, provided in so doing we meet our customers' demands for quality, value, consistency and authenticity."

Exciting changes have taken place in the fish department as we applied the technological advances we developed for meat. In addition, better sourcing has led to improved quality, variety, value and convenience. Almost every store, regardless of size, now sells fresh fish.

Sainsbury's worked with the Government and the Food From Britain organisation to create a better understanding of the UK's food and drink trade gap and the need to source and develop more food from Britain. We submitted extensive evidence to the House of Commons Select Committee on Agriculture, which it found to be particularly helpful. At the same time, buyers, technologists and suppliers continued to work together to extend the availability of produce and develop new products in the UK to replace those currently imported.

CELEBRATED ACHIEVEMENTS

Millions of television viewers saw our 'celebrity recipe' advertising campaign. Besides emphasising the virtues of the Sainsbury offer, the commercials created a huge demand for the ingredients featured. The campaign won three advertising awards, including the prestigious title, Campaign of the Year. We were also described as the country's favourite supermarket by the Consumers' Association magazine, when it presented the findings of one of its surveys.



Produce Buyer, Richard Bickerton, and Food Technologist, Mike Corbett, carry out a quality assurance visit to one of our cucumber growers in Hull. Here, cucumbers are grown under glass, extending their availability to nearly ten months of the year.



Fish Buyer, Andrea Chambers, with one of Sainsbury's fish suppliers, checks the quality of fish coming into Peterhead Fish Market on the north-east coast of Scotland. Sainsbury's buys a large proportion of its fish from this, the largest fish market in the UK.

In safe hands

Last year we developed a new training package for staff handling perishable foods; this has now been completed by nearly 40,000 of our employees. The only programme developed by a retailer to be accredited by the Institute of Environmental Health Officers, it has established itself as a role model and is being marketed for use throughout the food industry.

Buyers, branches, depots and suppliers all work closely together to maintain extremely high standards throughout the 'cold chain' – the control of temperature at every stage of the food chain. This was the principal topic at a conference we held for distribution personnel, contractors and suppliers.

Working closely with our suppliers, and combining our expertise, we have developed systems and controls which keep us at the forefront of product quality and safety.

We also researched consumers' knowledge of food safety in the home. As a result of the findings we published a free leaflet which gave information such as the correct temperature for domestic refrigerators. To endorse this, one million domestic refrigerator thermometers were given away to customers.

RESPONDING MORE QUICKLY TO DEMAND

Investment in systems and modern technology is a key element in increasing efficiency and productivity: £11.6 million was invested last year, resulting in an even better service to customers.

As part of this investment, a new high capacity data communications network, being installed to connect all stores with depots and head office, will service the new systems. This will further improve stock control and ordering throughout the supply chain.

Sainsbury's now communicates electronically with an increasing number of suppliers – currently over 500 – reducing the use of paper and print and increasing the speed of response.

The Distribution Division has continued to increase efficiency and now schedules all deliveries by computer. This has resulted in fewer vehicles being needed and a reduction in the number of miles covered by the fleet.

A new system for analysing and monitoring customer complaints enables us to provide a more rapid and positive response, and to manage this aspect of our business still more effectively.



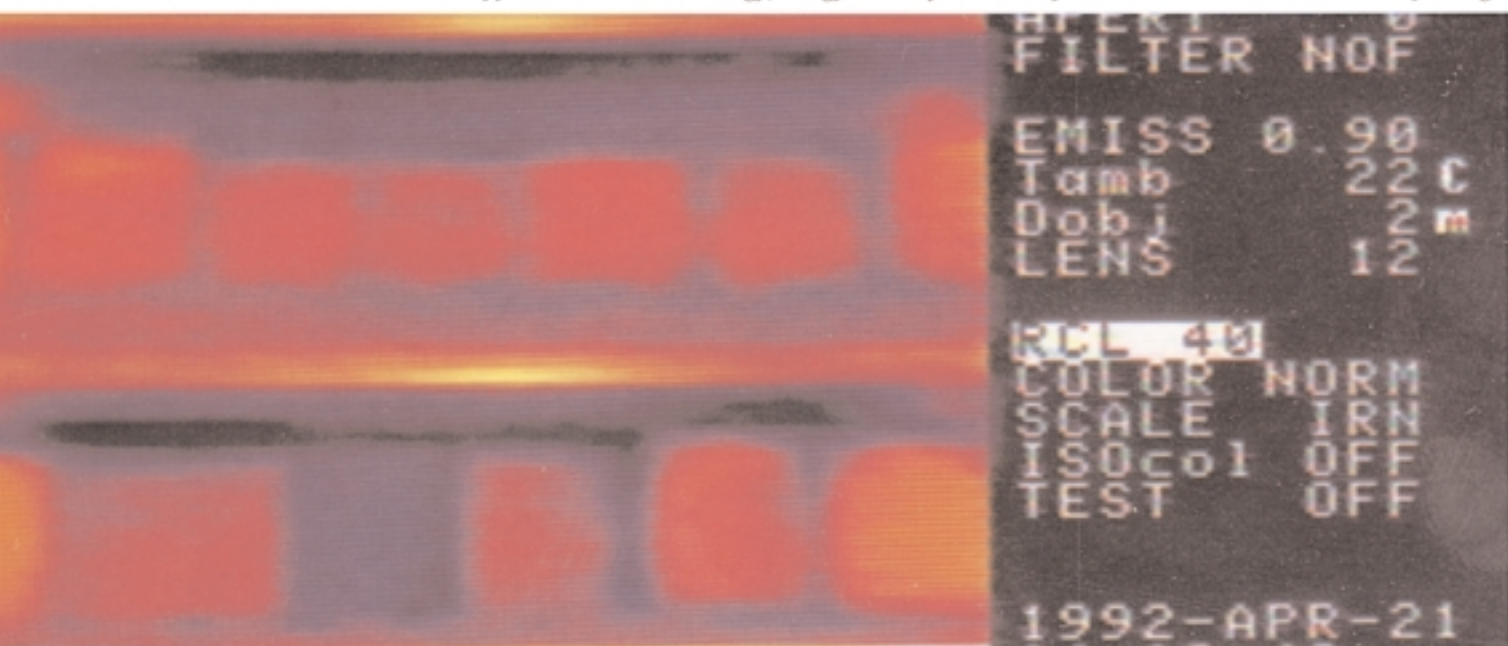
Joint Managing Director, David Quarmby, and Arthur Holland, Manager of the Camden store, review a working prototype of the Company's new sales-based re-ordering system.



Refrigerated vehicles are a vital link in the cold chain. This vehicle, pictured after making an early morning delivery at the Cobham store, is finished in the new livery.



In the supermarket's plant room, waste heat from the refrigeration system is used to provide heating for the store. Through the application of such technology, energy consumption in today's stores is 40% less than it was ten years ago.



Sainsbury's tight control throughout the 'cold chain' is maintained with the help of increasingly sophisticated technology, such as an infra-red camera which produces this graphic record of temperatures of food in the cabinet.

LINCOLN



RUSTINGTON



HEDGE END



Our stores are designed to be sympathetic to their surroundings. The high standards found inside are reflected throughout the buildings, in the quality of the architecture, materials and engineering.

Stores for the next century

A milestone was reached at the start of the financial year when our 300th store opened at West Green, Crawley. And new ground was broken when our first supermarket in Scotland opened at Darnley, outside Glasgow, to a highly enthusiastic response.

The Company also extended its boundaries into North Wales, which welcomed Sainsbury's at Wrexham, and strengthened its presence in the South West with a supermarket at Torquay.

Another first was a joint venture with Marks & Spencer at Hedge End, near Southampton. With 48,000 square feet of sales area, the supermarket is Sainsbury's largest, and incorporates many new concepts in design and layout.

Last year the Company invested £617 million in new store developments and opened 21 new stores; six were replacement stores such as Haywards Heath, which is trading at more than

twice the level of the previous store.

The average sales area of the stores built last year was 34,900 square feet, 60% more than those built ten years ago, providing a wider range of goods and better facilities.

Nevertheless, there remain 102 stores with less than 20,000 square feet of sales area and there are still many areas of the UK without a Sainsbury store. This allows plenty of opportunities within our development programme.

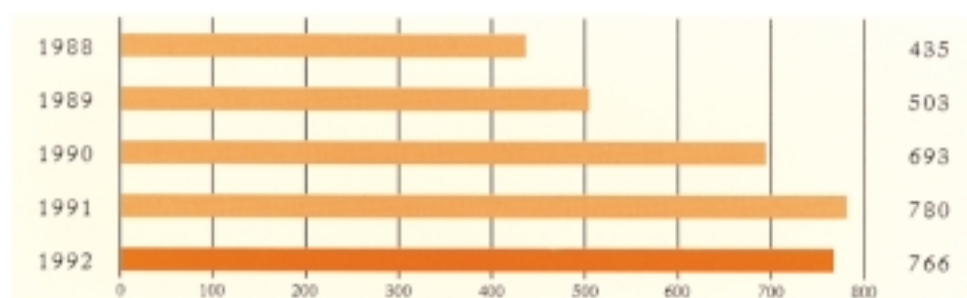
This year there are plans to open a further 22 stores.

URBAN REGENERATION

Many of our stores are built on run-down sites, unsuitable for most other forms of development. Our Alpertown supermarket was built on the site of former industrial premises and the site for the new Preston supermarket was occupied by a disused hospital and a rubbish tip.

GROUP CAPITAL EXPENDITURE

£ Millions



Group Capital Expenditure totalled £766 million, of which 80% was spent on Sainsbury's store development.

At Stafford, the Company provided two bridges over the River Sow. River walkways have been built and form an attractive feature in a prominent area which was previously unwelcoming. Decontamination work on site has improved the environment and the river's surroundings.

Sainsbury's at Wolverhampton, which opened in 1988, won an award last year from the British Urban Regeneration Association for upgrading a derelict site and providing a high quality development that enhances its surroundings.

The Macclesfield store, which opened in September, typifies Sainsbury's dedication to quality. A distinctive local stone, no longer quarried, was reclaimed from the old infirmary which previously occupied the site. This pink

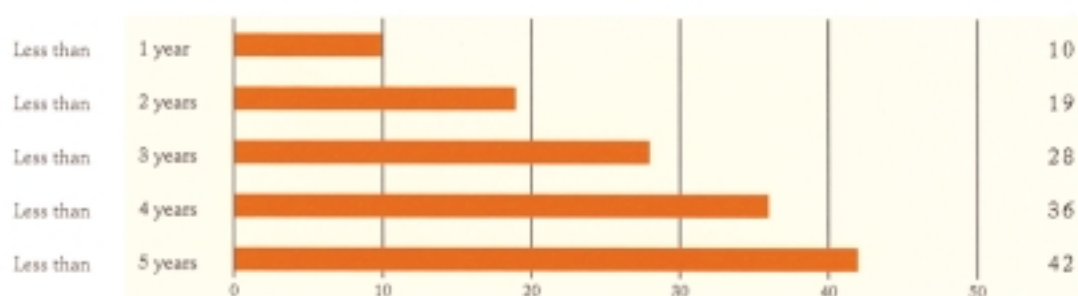
stone was then used in the construction of the new building, which also incorporates four carved coats of arms from the infirmary. The reclaimed materials not used in this way were donated to the Borough Council for its redevelopment programme.

ENVIRONMENTAL INITIATIVES

The impact of a store on the environment is taken into account at the design stage, and strict control of the energy used by stores continues to be an area in which Sainsbury's excels. Our skills in building environmentally friendly stores are widely regarded and last year we worked with the Building Research Establishment to pioneer an Environmental Assessment Method for other developers.

AGE OF SAINSBURY'S SALES AREA

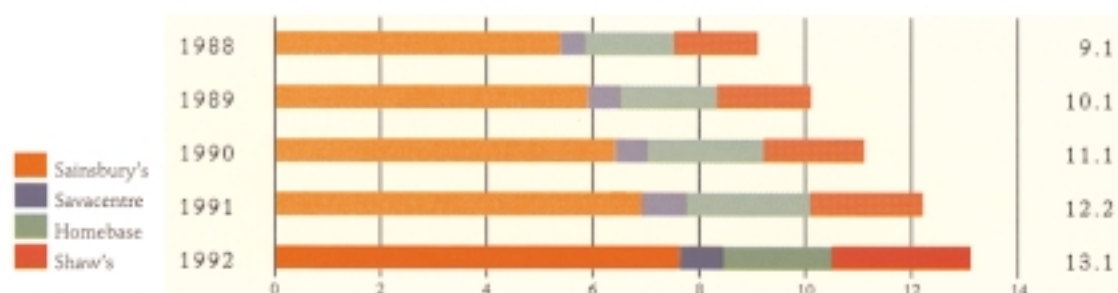
% of Total Sales Area



As a result of sustained investment, 42% of UK supermarket sales area is now less than five years old.

GROUP SALES AREA

Million square feet



Group sales area has increased by more than 40% in the last four years to 13.1 million square feet.



Trees and shrubs being planted at the Camberley store, due to open in June, enable the store to blend in with its environment. Over the last year almost £6 million has been spent on extensive landscaping of our new stores.

Investing in people

Sainsbury's now employs nearly 100,000 people in the UK. Last year some 3,700 jobs were created, mainly at new supermarkets, with 8,500 people achieving promotion, including over 900 promoted into their first management position.

More than £30 million was invested in training to help staff at all levels develop their potential, and to ensure that customers receive the best service possible.

TRAINING

Flair and imagination are essential in creating a range of training programmes geared to a wide variety of needs. Fifty-nine trainee managers embarked upon the distance learning BA Honours Degree in Retail Marketing, sponsored by Sainsbury's at Manchester Polytechnic, joining 38 others now in their second year. Well over 100 part-time student employees were awarded

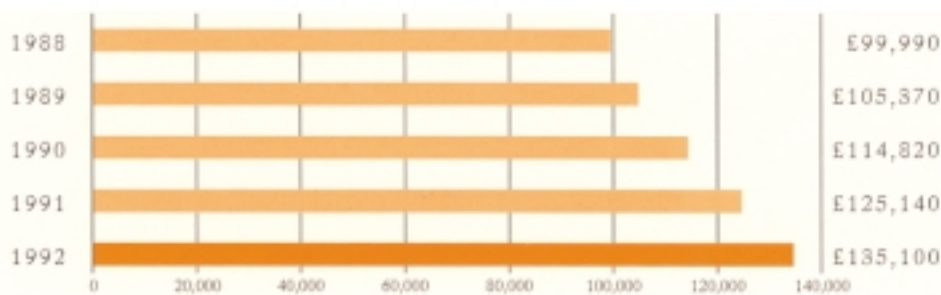
sponsorship from Sainsbury's for their university or polytechnic courses, and our student vacation training scheme was also expanded.

There were four more graduates of the Management MBA scheme which, when launched in 1987, was heralded as a new concept in practical management education. The Company now has six 'own label' MBA graduates.

Sainsbury's Retail Training Scheme for school leavers, leading to a national vocational qualification in retailing, is now in its third year: 150 young people who started out on the scheme have now become section managers, with a further 250 completing the one-year course last year.

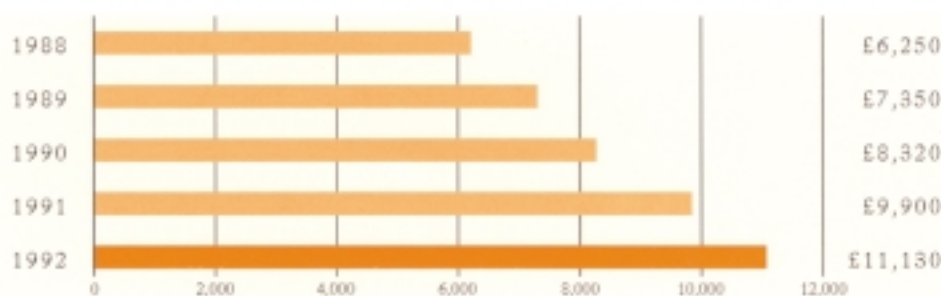
Fifty-one members of Sainsbury's training staff themselves achieved greater professional status by gaining the Institute of Training and

SAINSBURY'S SALES PER EMPLOYEE (FULL-TIME EQUIVALENT)



Sales per employee (full-time equivalent) rose by 8% last year, the largest increase in real terms since 1988.

SAINSBURY'S OPERATING PROFIT PER EMPLOYEE (FULL-TIME EQUIVALENT)



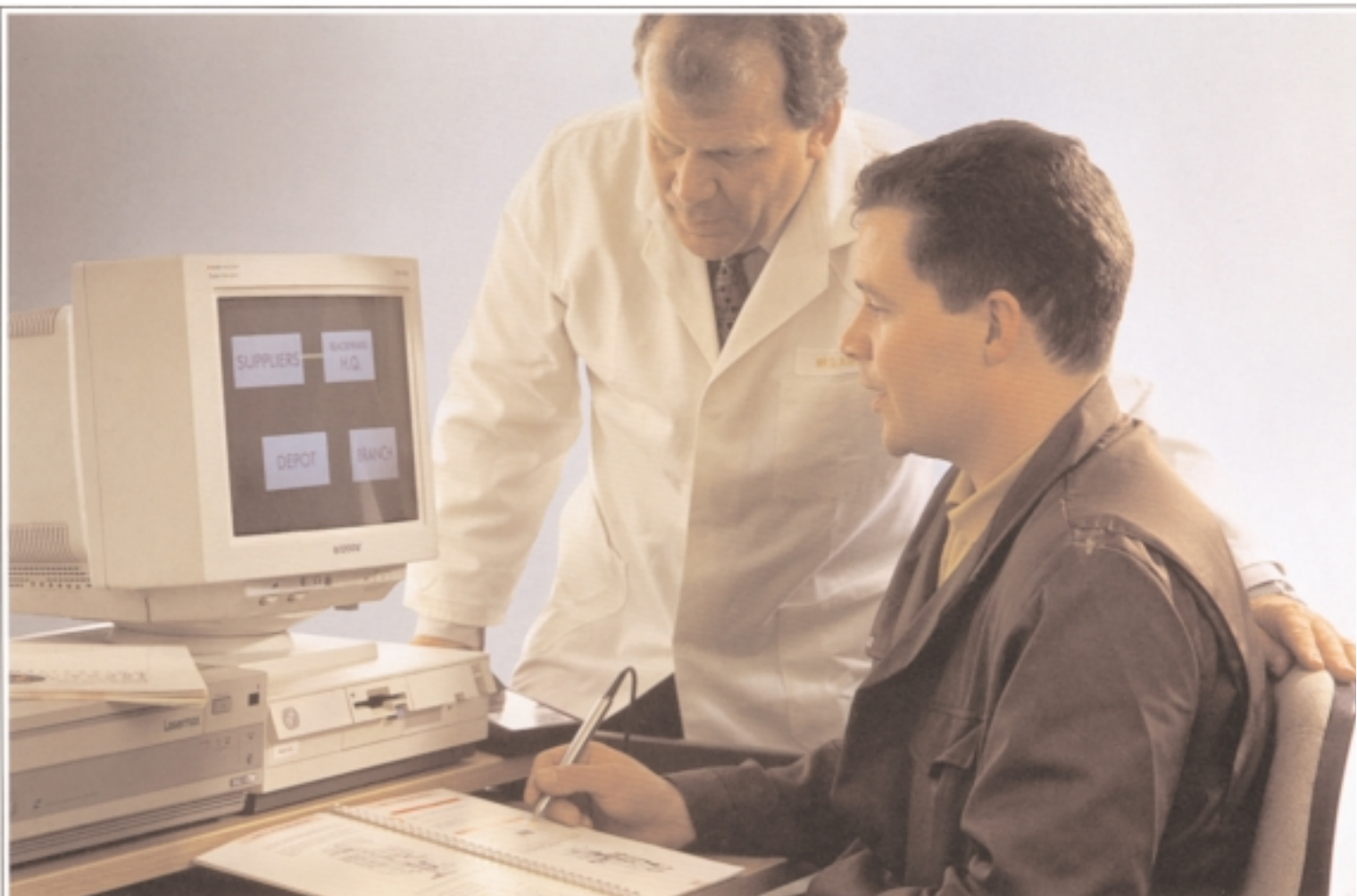
Operating profit per employee (full-time equivalent) increased by 12% last year.



Sainsbury's invested over £30 million in training last year. Demi Pieri and Martin Periera completed the Retail Training Scheme after joining the Company at Harringay. Demi is now Customer Services Section Manager and Martin is Night Shift Section Manager.



Alastair Farmer, Retail Training Officer at Central and Western area office, now in his second year on the distance learning BA Honours Degree in Retail Marketing, sponsored by Sainsbury's at Manchester Polytechnic.



Chris Titmarsh, Warehouse Assistant at Hoddesdon depot, pictured with David Ashwood, Warehouse Supervisor, using the Company's interactive video training package as a practical way of assisting individual training needs.



Lincoln's Manager, Derek Broughton, and Personnel Manager, Linda Logan, with children from the local North Kesteven School. The children won the Sainsbury's Good Life Competition by designing and building components for this nearby children's playground.

Development certificate, and another group of 13 is now following this course.

A further investment in training was the extension and enhancement of the Company's training centre – Fanhams Hall in Hertfordshire – where a new conference centre is being built and extra accommodation provided.

WOMEN AT WORK

Sainsbury's became a founding member of Opportunity 2000, a Business in the Community initiative which encourages companies to increase the quality and quantity of women's participation at all levels.

At Sainsbury's, more women are taking advantage of the Company's flexible working arrangements, including the Career Bridge scheme. Managers across the Company were particularly successful in Checkout magazine's Winning Women awards: seven were among the finalists, and four collected awards.

Sainsbury's was also listed among the UK's 50

'Best Companies for Women' in a book published under that title.

EDUCATION

By increasing management support and financial assistance, Sainsbury's strengthened its relationships with local schools. We provided funding of some £800,000 last year as part of our Link Schools scheme. Our contribution to the teacher placement service earned an award from Understanding British Industry, a body which encourages secondment of teachers into industry.

The Company produced new GCSE project material and sponsored the Good Life Competition, for which schools up and down the country entered projects for improving the quality of life in their community.

Last year the Sainsbury's Home Economists Speaker Service celebrated its 21st birthday and over 2,000 talks were given to a total audience of 120,000 in local organisations and schools.



Jemma Chancellor of Ladbroke Grove was the 35,000th member of staff to pass the new Sainsbury's Food Hygiene Training Course. She was presented with her certificate at the store by David Maclean, the then Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food.

The world around us

Sainsbury's continued to take an active role in supporting a wide range of initiatives in the community, ranging from projects for the homeless to help for young businesses in inner city areas.

In all, some £1.4 million was donated, including sponsorships and the provision of facilities for local communities.

COMMUNITY INVESTMENT

Secondment of managers has helped Business in the Community, Education Business Partnerships (Compacts) and Re-Solv, the solvent abuse charity. Sainsbury's Good Neighbour scheme, in its 10th year, supported over 400 youth projects; and the contribution made by individual staff to local charities was recognised by the Community Service Awards.

In addition to corporate donations, around £750,000 was raised by staff for hundreds of different charities. All stores took part in the national appeals for Children In Need, Comic Relief and the Sunshine Coaches.

Through Sainsbury's 'Penny Back' scheme, now in its second year, customers gave £350,000 to local charities after being refunded a penny for every carrier bag they brought back for re-use.

ENVIRONMENTAL AWARENESS

The number of recycling units at our stores has increased and at the year end there were 190 for glass, 137 for cans, 58 for paper, as well as 15

for plastic bottles, three for aluminium foil and one for cartons. Nearly two-thirds of stores now have some form of recycling facility and many more are close to those provided by the local authority.

Our high profile in environmental matters was acknowledged by an invitation to Ian Coull, Sainsbury's director responsible for development, to join the Government's Advisory Committee on Business in the Environment.

ARTS SPONSORSHIP

Following the launch of the Sainsbury's Awards for Arts Education, over 900 arts organisations and schools submitted applications. The winners, who received a total of £250,000, ranged from the Royal Shakespeare Company to the Jiving Lindy Hoppers dance group, and included 12 schools. The awards created opportunities for young people throughout the UK to work with professional dancers, musicians, actors and artists.

As ever, a large number of smaller organisations and events was supported by funding and donations in kind: examples include a school in Liverpool building a stained glass window and a group of deaf children in London completing a photographic project.

The Company became a National Corporate Patron of Youth & Music: through its Stage Pass scheme, staff under 30 now benefit from substantial discounts to arts events nationwide.



Brenda Holland of Coldham's Lane was the driving force behind her branch's contribution of more than £4,000 to the £350,000 total raised by staff throughout the Company for the BBC Children In Need Appeal.



The first Sainsbury's car wash was introduced last year at the new Hedge End store. Water at the car wash is cleaned and reclaimed through filters so that approximately 95% is reused.



Members of the Foss Environment Project set out on a litter patrol. Sainsbury's sponsored the project to clean up the River Foss and its banks near to the Foss Bank store in York.



The Jiving Lindy Hoppers dance group, winners of a major grant as part of the first Sainsbury's Awards for Arts Education, teaching the art of dance to children from the Chestnut Grove School in Wandsworth.

Retail subsidiaries



Savacentre Managing Director, David Clapham, and Celia Tompson in Hempstead's non-foods area.



Homebase Chairman, Dino Adriano, and Nigel Pryor, Deputy Manager at Catford, in the store's garden centre.



Shaw's Chairman, David Jenkins (right), with President Phil Francis at the West Brockton store in Massachusetts.

SAVACENTRE

Sainsbury's Savacentre, the specialist hyper-market company, offers a huge range of products under one roof, combining food with extensive clothing, and home and leisure ranges.

Substantial changes took place within the Edinburgh, Merton and Hempstead stores, where extra checkouts were added and food space was increased. At Sheffield, two petrol filling stations were opened, serving the whole Meadowhall shopping complex.

The Savacentre range of 60,000 products is offered in stores with an average sales area of 88,000 square feet – over three times larger than the average Sainsbury's super-

market. This unique scale of operation allows Savacentre to maintain prices at 5% below the average of the national food retailers.

Last year the own label clothing ranges were extended. Sainsbury's 'Lifestyle' clothing provides Savacentre customers with the same high quality and value for money which Sainsbury's food range has always offered. Lifestyle moved into its second season with stylish casualwear for men and an extensive

range of ladies' footwear. Customers' response has been most encouraging and gives good prospects for the ladies' and children's ranges due to be launched this Autumn.

SAVACENTRE ANALYSIS	1992	1991
Sales	£544.4m	£478.4m
Operating Profit	£28.4m	£23.2m
Number of hypermarkets	9	9
Sales area ('000 sq.ft.)	798	798
Full-time employees	2,261	2,390
Part-time employees	4,810	4,632

DIRECTORS:

D.J. Sainsbury (Chairman)*, D.J. Clapham (Managing Director), J.H.G. Barnes*, R.A. Anderson*, A.B. Cheesman*, H.M.A. Elvidge*, A.J. Mitcham, S.R. Sunnucks, C.R. Turner, B.J.C. Willis. *non-executive directors



Merton, south London

HOMEBASE

Sainsbury's Homebase chain of home improvement and garden centres continued to perform well, once more increasing its market share, despite the recession and the depressed housing market.

Four new stores opened during the year. Three more began trading before Easter and a further four are currently under construction.

A 'Spend & Save' loyalty card, introduced in March 1991, keeps a tally of purchases and rewards regular customers with gift vouchers for spending in Sainsbury's, Homebase or Savacentre. The scheme,

which has proved extremely popular with over half a million card holders, was made possible by new systems which provide product and sales databases. Scanning was introduced at the end of the financial year when a new point of sale system went on trial at the Chichester store.

New own label products included an exclusive wallcovering range and a comprehensive range of brass and copper plumbing. The Homebase own label offers excellent value for money and represents a growing proportion of Homebase sales.

HOMEBASE ANALYSIS	1992	1991
Sales	£257.6m	£224.5m
Operating Profit	£15.5m	£13.2m
Number of stores	64	61
Sales area ('000 sq.ft.)	2,406	2,317
Full-time employees	1,593	1,555
Part-time employees	2,578	2,652

DIRECTORS:

D.B. Adriano (Chairman and Managing Director), J.H.G. Barnes (Deputy Chairman)*, S.W. Bradbury, I.D. Coull*, J. Dopchie*, D. du Monceau de Bergendal*, D.E. Henson*, J. Pitz*, M.R. Sargeant, B. Williams. *non-executive directors



Tunbridge Wells, Kent

SHAW'S

Shaw's, the Group's chain of supermarkets in the US, is in a strong position despite the adverse effects of the deep New England recession. Continuing commitment to major systems, distribution, cost reduction and trading initiatives has set the scene for a further period of sales and earnings growth.

The combination of three new stores and three major enlargements increased total sales area by 6%. In 1992 six new store openings and two major enlargements will add a further 9% of sales area, and sales and market share will grow again in the year ahead.

Shaw's has invested further in its management teams, with particular emphasis on

buying and its supporting systems. This is leading to major improvements in store ordering, stock control, gross margin management and operating efficiency.

The Shaw's brand, which has expanded to more than 800 products, has been extremely well received by the New England consumer and volumes are showing significant growth.

The range is constantly being developed and plays an integral part in Shaw's marketing strategy of offering 'every day lower prices'. Now the quality and value message is echoed on the other side of the Atlantic in the familiar words 'Good Food Costs Less at Shaw's'.

SHAW'S ANALYSIS	1992	1991
Sales	\$1.81bn	\$1.77bn
Operating Profit	\$37.2m	\$55.4m
Number of stores	73	70
Sales area ('000 sq.ft.)	2,229	2,107
Full-time employees	3,972	4,659
Part-time employees	11,812	10,704

DIRECTORS:

D.B. Jenkins (Chairman and Chief Executive Officer), D.A. Quarmby (Deputy Chairman)*, P.L. Francis (President), M.W. Broomfield†, J.D. Kelleher, R. McLaren†, H.V. Powell, S.W. Ramsay, R.P. Whitbread*. *non-executive directors †seconded from Sainsbury's



Milford, New Hampshire

U.K. STORES

GLASGOW

EDINBURGH

NEWCASTLE

Existing stores

■	- Sainsbury's	343
■	- Savacentre	9
■	- Homebase	64

Planned store openings 1992/93

▲	- Sainsbury's	22
▲	- Homebase	7

YORK

MANCHESTER

NOTTINGHAM

NORWICH

BIRMINGHAM

SWANSEA

BRISTOL

LONDON

SOUTHAMPTON

PLYMOUTH

INNER LONDON

■	Sainsbury's	25
■	Homebase	4
▲	Sainsbury's	1

OUTER LONDON

■	Sainsbury's	49
■	Savacentre	1
■	Homebase	13
▲	Homebase	1





SHAW'S

Existing stores.....	73
Planned store openings and major enlargements 1992/93	8

STORES OPENED
1991/92

SAINSBURY'S

Crawley	Wrexham
Thetford	York
Barnstaple	Bracknell
Shrewsbury	Kidlington, Oxford
Rustington	Lincoln
Chelmsford	Torquay
Maidstone	Liverpool
Macclesfield	Glasgow
Alperton	Preston
Haywards Heath	Stafford
Hedge End, Southampton	

New Sales Area.....732,700 square feet

HOMEBASE

Crawley	Oxford
Chelmsford	Blackheath

New Sales Area.....130,100 square feet

SHAW'S

	<i>Major Enlargements</i>
Seabrook, NH	Easton, MA
Beverly, MA	Canton, MA
Stoneham, MA	Falmouth, ME

New Sales Area (excluding enlargements).....86,900 square feet

Total New Sales Area 949,700 square feet

PLANNED STORE OPENINGS
1992/93

SAINSBURY'S

Dulwich	Ashford
Godalming	Leicester
Staines	Alton
Portsmouth	Ripley
Sevenoaks	Ipswich
Bristol	Taunton
Camberley	Whitstable
Folkestone	Huddersfield
Northfleet	Hove
Wirral	Stevenage
Basildon	Harrogate

New Sales Area715,100 square feet

HOMEBASE

Tunbridge Wells	Hove
Southampton	Wirral
Richmond	Bristol
Portsmouth	

New Sales Area.....222,500 square feet

SHAW'S

Braintree, MA	Salem, NH
North Attleboro, MA	<i>Major Enlargements</i>
South Attleboro, MA	Millford, MA
Plaistow, NH	Sturbridge, MA
Keene, NH	

New Sales Area (excluding enlargements)185,300 square feet

Total New Sales Area 1,122,900 square feet

TEN YEAR RECORD

Results £ million	1983†	1984	1985
Group Sales (including VAT & Sales Taxes)	2,315.8	2,688.5	3,135.3
Increase on previous year	17.6%	16.1%	16.6%
UK Operating Margin	4.37%	4.78%	4.84%
Group Operating Profit	101.1	128.5	151.8
Associates	5.4	6.0	9.7
Profit sharing	(6.6)	(9.7)	(12.1)
Group Profit (before Property Items)	99.8	127.3	153.8
Increase on previous year	19.1%	27.6%	20.8%
Property Items	0.9	2.7	2.6
Profit Before Tax	100.7	130.0	156.4
Increase on previous year	20.2%	29.1%	20.3%
Tax charge	27.4	41.0	48.0
Profit after Tax	73.3	89.0	108.4
Fully Diluted Earnings per Share (excluding Property Items)*	5.27p	6.22p	7.61p
Increase on previous year	6.8%	18.0%	22.4%
Dividend per Share*	1.45p	1.85p	2.22p

†The 1983 results are for the 52 weeks to 26th March 1983; however, for comparative purposes, percentage changes relate to the 52 weeks to 26th February 1983.

*Adjusted in respect of capitalisation issues in 1984 and 1987 and rights issue in 1991.

Retail Statistics	1983	1984	1985
Number of outlets at financial year end			
Sainsbury's - over 25,000 sq.ft. sales area	11	19	29
15,000-25,000 sq.ft. sales area	106	112	117
under 15,000 sq.ft. sales area	134	131	125
Sainsbury's	251	262	271
Savacentre	5	5	6
Homebase	7	14	23
Shaw's	—	—	—
Total number of stores	263	281	300
Sales area ('000 sq.ft.)			
Sainsbury's	3,564	3,944	4,325
Net increase on previous year	8.6%	10.7%	9.6%
Savacentre	356	356	424
Homebase (approx. 60% covered sales area)	306	624	1,038
Shaw's	—	—	—
Group Total	4,226	4,924	5,787
New Sainsbury's openings	17	15	15
Average size of new Sainsbury's (sq.ft.)	19,150	25,530	26,080
Average size of all Sainsbury's (sq.ft.)	14,200	15,050	15,960
Average Sainsbury's sales			
Per store (£ per week)	176,900	198,800	221,300
Per square foot (£ per week)	12.88	13.60	14.32

**Based on Central Statistical Office data and Sainsbury's and Savacentre sales.

Share of national trade in food and drink shops, chemists, confectioners, tobacconists and newsagents**	6.6%	7.1%	7.6%
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1986	1987	1988	1989	1990	1991	1992
3,575.2	4,043.5	5,009.5	5,915.1	7,257.0	8,200.5	9,202.3
14.0%	13.1%	23.9%	18.1%	22.7%	13.0%	12.2%
5.30%	5.75%	6.16%	6.89%	7.04%	7.67%	7.92%
189.6	232.5	295.7	372.9	470.7	585.0	667.7
13.6	17.9	18.2	15.6	1.6	0.3	1.2
(15.8)	(21.2)	(23.9)	(26.7)	(33.8)	(44.0)	(49.4)
186.8	237.8	298.6	352.3	420.7	505.7	632.2
21.5%	27.3%	25.6%	18.0%	19.4%	20.2%	25.0%
5.9	9.1	9.8	22.8	30.7	12.5	(4.2)
192.7	246.9	308.4	375.1	451.4	518.2	628.0
23.2%	28.1%	24.9%	21.6%	20.3%	14.8%	21.2%
65.4	88.9	109.0	125.1	140.5	163.4	184.5
127.3	158.0	199.4	250.0	310.9	354.8	443.5
8.62p	10.48p	12.90p	14.93p	18.15p	21.74p	25.43p
13.2%	21.6%	23.1%	15.7%	21.6%	19.7%	17.0%
2.72p	3.46p	4.15p	4.99p	6.03p	7.27p	8.75p

1986	1987	1988	1989	1990	1991	1992
39	54	74	95	116	136	159
122	119	115	110	106	102	98
119	110	94	87	69	61	56
280	283	283	292	291	299	313
6	6	6	7	8	9	9
28	32	38	48	55	61	64
—	—	60	61	66	70	73
314	321	387	408	420	439	459

4,692	5,034	5,463	5,964	6,434	6,951	7,632
8.5%	7.3%	8.5%	9.2%	7.9%	8.0%	9.8%
433	433	436	543	665	798	798
1,261	1,424	1,645	1,886	2,107	2,317	2,406
—	—	1,592	1,693	1,928	2,107	2,229
6,386	6,891	9,136	10,086	11,134	12,173	13,065
15	15	16	20	22	20	21
27,430	29,150	30,650	31,360	32,320	33,550	34,890
16,760	17,790	19,300	20,430	22,110	23,250	24,380

244,100	267,800	304,900	327,500	373,500	425,400	460,800
14.87	15.43	16.30	16.50	17.26	18.17	18.51

8.0%	8.5%	8.8%	9.0%	9.5%	10.0%	10.4%
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EXECUTIVE DIRECTORS

(Standing) C.I. Harvey, R.T. Vyner, R. Cooper, D.A. Quarmby, K.C. Woerall, D.E. Henson, C. Roberts, R.A. Clark, I.D. Cull, J.E. Adshhead, D.B. Adriano, R.P. Whitbread, R.P. Thorne.
(Seated) Lord Sainsbury (Chairman), D.J. Sainsbury (Deputy Chairman, Chairman designate).

NON-EXECUTIVE DIRECTORS



J.H.G. Barnes, Sir James Spooner, Lady Eccles, Lord Prior.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

JOINT PRESIDENTS

Lord Sainsbury of Drury Lane
Sir Robert Sainsbury

BOARD OF DIRECTORS

Lord Sainsbury of Preston Candover KG,
 Chairman and Chief Executive
 Joined the Company in 1950;
 appointed Director in 1958;
 Vice-Chairman 1967-69;
 Chairman and Chief Executive
 1969; age 64. *

D.J. Sainsbury,
 Deputy Chairman

Joined the Company in 1963;
 appointed Director in 1966;
 Finance Director 1973-90;
 Chairman, Savacentre 1984;
 Deputy Chairman 1988; age 51.

*Member of Remuneration Committee
 (Chairman, Lord Sainsbury).

†Member of Audit Committee
 (Chairman, J.H.G. Barnes).

D.A. Quarmby,
 Joint Managing Director
 Joined the Company in 1984
 as Director of Distribution;
 Joint Managing Director in
 1988 with responsibility for
 non-trading functions; assumed
 overall responsibility for
 operations in 1990; age 50.

R.T. Vyner,
 Joint Managing Director
 Joined the Company in 1978
 as Director responsible for
 grocery and non-foods buying;
 Assistant Managing Director,
 Buying and Marketing 1986;
 appointed Joint Managing
 Director in 1990; age 55.

C. Roberts
 Joined the Company in 1958;
 appointed a Trading Director
 1975; responsible for dairy,
 produce, off-licence and
 frozen foods buying; age 59.

R.A. Clark
 Joined the Company in 1966;
 Director for Personnel and
 Data Processing 1979-88; now
 responsible for distribution,
 data processing and infor-
 mation systems; Chairman,
 HMP 1990; age 57.

D.E. Henson
 Joined the Company in
 1979 as Director responsible
 for financial control; Finance
 Director 1990; age 59.
 Retires June 1992.

K.C. Worrall
 Joined the Company in 1953;
 appointed Director for grocery
 and non-foods buying in
 1986; age 55.

I.D. Coull
 Joined the Company in 1988
 as Director of the Develop-
 ment Division; age 41.

R. Cooper
 Joined the Company in 1975;
 appointed Director for meat,
 fresh fish, pork products,
 bakery and delicatessen
 buying and scientific services
 in 1988; age 43.

J.E. Adshead
 Joined the Company in
 February 1989 as Personnel
 Director; age 47.

C.I. Harvey
 Joined the Company in 1958
 as a tradesman; appointed an
 Area Director in 1983; became
 Director responsible for the
 Retail Division in 1989; age 50.

D.B. Adriano
 Joined the Company in 1964
 as an accountant; was General
 Manager of Homebase
 1981-86; following a period as
 an Area Director, returned to
 Homebase as Managing
 Director in 1989; appointed
 Chairman, Homebase 1991;
 age 48.

R.P. Whitbread
 Joined the Company in 1969
 as a retail management trainee;
 appointed a Departmental
 Director in 1983; appointed
 Director responsible for
 public relations, marketing
 and marketing services in
 1990; age 41.

R.P. Thorne
 Joined the Company as a
 Director in March 1992;
 appointed Finance Director
 from June 1992; age 40. †

NON-EXECUTIVE DIRECTORS

J.H.G. Barnes

Joined the Company in 1956;
 appointed Director in 1969;
 responsible for Retail Division
 1977-90; Joint Managing
 Director, Trading 1988-90;
 age 61. ††

Sir James Spooner

First appointed a non-executive
 Director of the Company in
 1981; *inter alia* a director of
 John Swire & Sons, Barclays
 Bank and Morgan Crucible
 (Chairman); age 59. ††

The Rt. Hon. Lord Prior PC

First appointed a non-executive
 Director of the Company in
 1985; Privy Counsellor since
 1970; has held a number of
 Cabinet posts; currently
 Chairman of The General
 Electric Company plc and a
 director of a number of other
 companies; age 64. Retires at
 the Annual General Meeting.

Lady Eccles of Moulton

First appointed a non-executive
 Director of the Company in
 1986; Chairman of Ealing
 Health Authority;
 Vice-Chairman of Durham
 University Council and a
 director of a number of other
 companies; age 58. ††

DEPARTMENTAL DIRECTORS

R.A. Anderson
 Property Development

J.E. Blake
 Data Processing

S.W. Bradbury
 Finance Director,
 Homebase

M.W. Broomfield
 Seconded to Shaw's

A.B. Cheesman
 Produce

D.J. Clapham
 Managing Director,
 Savacentre

M.D. Conolly
 Off-Licence

H.M.A. Elvidge
 Branch Services

C. Etheridge
 Area Director

A.W. Fry
 Chief Accountant

D.J. Graham
 Distribution

W.T. Hales
 Branch Operations

I.J. Hunt
 Marketing Services

P. Ibbotson
 Construction

C.J. Leaver
 Public Relations

R. McLaren
 Seconded to Shaw's

N.F. Matthews
 Group Secretary, Public
 Affairs

I.G. Merton
 Meat, Poultry and Bacon

C. Montagnon
 Information Systems

M.D. Morgan
 Cheese, Dairy, Frozen
 Foods

J.R. Phillipson
 Area Director

M.T. Powell
 Supply Logistics

J. Ramsden
 Grocery

A.E. Rees
 Marketing

J.A. Renshaw
 Pork Products, Bakery,
 Delicatessen

E.G.P. Ricketts
 Branch Merchandising

D.N. Roberts
 Treasury

M. Rosen
 Non-Foods

M.R. Sargeant
 Buying and Marketing
 Director, Homebase

D.L. Smith
 Area Director

D.W. Smith
 Area Director

Dr G. Spriegel
 Scientific Services

C.R. Turner
 Deputy Managing
 Director, Savacentre

T.A. Wigley
 Area Director

B. Williams
 Operations Director,
 Homebase

B.J.C. Willis
 Director Finance and
 Systems, Savacentre

REPORT OF THE DIRECTORS

for the 52 weeks to 14th March 1992

Group Performance

A review of the Group's performance during the year, with comments on the financial results and future developments, is contained in the Chairman's Statement which is adopted as part of this Report.

Profit and Dividend

The profit on the ordinary activities of the Group before taxation amounted to £628.0 million. After deducting £184.5 million for taxation and £153.7 million for dividends paid and proposed, £284.5 million has been transferred to reserves. The Group trading profit amounted to £632.2 million.

The Directors are proposing the payment of a final dividend of 6.35p per share on 31st July 1992 to shareholders on the Register at the close of business on 11th June 1992; together with the interim dividend paid of 2.4p per share, this makes a total dividend for the year of 8.75p per share.

Principal Activities

The principal activity of the Group is the retail distribution of food and home improvement and garden products.

Share Capital

The principal changes in share capital during the year were:-

- 158.7 million shares were issued by way of rights following an offer to shareholders at 312p per share;
- 56.2 million shares were issued on conversion and exchange of 29,462 5% Convertible Capital Bonds 2004 issued by J Sainsbury (Capital) Limited;
- 11.6 million shares were allotted and further options granted under the Company's share schemes for employees;
- 2.8 million shares were allotted under the terms of the scrip dividend offers to shareholders.

A Resolution will be proposed at the Annual General Meeting to renew the authority of the Directors to issue shares without applying the statutory pre-emption rights.

The full text of the Resolution is set out in the Notice of Meeting which accompanies the Report and Accounts.

Scrip Dividend

Over 18,000 shareholders elected to take shares instead of cash for the final dividend 1991 and the interim dividend 1992. Shareholders are to be offered a similar choice in respect of the final dividend payable in July 1992 and the interim dividend for 1993.

A Resolution will be proposed at the Annual General Meeting authorising the Directors to make the scrip dividend alternative available in respect of any dividend or dividends to be paid or declared prior to the conclusion of the next Annual General Meeting of the Company.

Personal Equity Plans

Following approval of the Single Company Personal Equity Plan Regulations by Parliament in December 1991, a Sainsbury's Single Company PEP was introduced in February 1992. Both the new Single Company PEP and the Corporate PEP introduced in June 1991 will continue to be offered to shareholders, employees and private investors.

Directors' and Officers' Liability

During the year the Company acquired insurance cover for the Directors and Officers against liabilities incurred whilst acting in their capacity as Directors or Officers of the Company.

Market Value of Properties

The Directors are of the opinion that the properties of the Group have a market value in excess of the book value of £3,000.3 million.

Fixed Assets

The movements of tangible fixed assets are shown in Note 1 on page 40.

Research and Development

The Scientific Services Division employs 126 people and has an annual expenditure of over £4.0 million. It works in close co-operation with suppliers to achieve the highest standards of product quality, hygiene and safety, and to maintain them throughout the Company's distribution chain and stores. It also works with the Company's buyers to develop new products.

Employment Policies

Group employment policies respect the individual and offer career opportunities regardless of sex, race or religion. Full and fair consideration is given to the employment and opportunities for training and development of people with disabilities according to their skills and capacity. The services of any existing employee who becomes disabled are retained wherever possible. The Group also has a very extensive and well-established structure for communicating with employees, especially in relation to the financial results at the year end.

Suppliers

Sainsbury's has over nine thousand suppliers of products and services whose goodwill is essential to our business. It is our policy to pay them regularly and promptly in accordance with mutually agreed procedures. We are pleased to give our enthusiastic support to the CBI's recently published Code of Practice on Prompt Payment.

Donations

Donations to charitable organisations amounted to £1.4 million (1991: £1.3 million), which included contributions to enterprise agencies, job creation, educational schemes and the Arts. There were no political donations.

Directors

The Directors are shown on page 33. All the Directors shown held office throughout the year, with the exception of R. P. Thorne, who was appointed a Director on 16th March 1992, and, in accordance with the Articles of Association, a Resolution will be submitted to the Annual General Meeting for her re-appointment. Sir Roy Griffiths retired on 4th July 1991, and G. C. Hoyer Millar retired on 13th December 1991. Lord Prior will retire at the Annual General Meeting but does not offer himself for re-election. Directors holding executive office do not retire by rotation.

No Director had, during or at the end of the year, any material interest in any contract of significance to the Group's business.

Directors' Interests

The number of ordinary shares and options over ordinary shares held by the Directors and their families at 14th March 1992 are shown on page 51. The number of options granted and exercised during the year is also shown.

Substantial Interests

The substantial interests notified to the Company, all of which include duplications, are set out below.

Miss J. Portrait and W. M. Pybus, respectively a partner and consultant of Denton Hall Burgin & Warrens, the Company's solicitors, C. T. S. Stone and Lady (Lisa) Sainsbury are trustees of various settlements, including charitable settlements. At 5th May 1992, the total holdings of the trusts of which the above are trustees amounted to 17%, 7%, 4% and 3% respectively.

As trustees and beneficially The Hon. S. D. Sainsbury and Rt. Hon. T. A. D. Sainsbury PC, MP held 6% and 3% respectively at 5th May 1992.

Auditors

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

By Order of the Board

N. E. Matthews

Secretary

12th May 1992

AUDITORS' REPORT

To the Members of J Sainsbury plc

We have audited the Financial Statements on pages 36 to 50 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group at 14th March 1992 and of the profit and cash flow of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill

Chartered Accountants and Registered Auditor
London

12th May 1992

BALANCE SHEETS

14th March 1992

	Note	Group		Company	
		1992 £m	1991 £m	1992 £m	1991 £m
Fixed Assets					
Tangible Assets	1	3,833.5	3,214.1	3,123.5	2,540.9
Investments	2	27.6	19.0	574.7	478.9
		<u>3,861.1</u>	<u>3,233.1</u>	<u>3,698.2</u>	<u>3,019.8</u>
Current Assets					
Investments	5	189.6	—	139.2	—
Stocks		362.2	360.7	229.1	236.2
Debtors	6	80.8	116.3	63.0	98.1
ACT Recoverable		37.3	28.9	37.3	27.7
Cash at Bank and in Hand		173.9	110.5	87.6	50.8
		<u>843.8</u>	<u>616.4</u>	<u>556.2</u>	<u>412.8</u>
Creditors: due within one year	7	<u>(1,468.2)</u>	<u>(1,429.4)</u>	<u>(1,274.5)</u>	<u>(1,210.4)</u>
Net Current Liabilities		<u>(624.4)</u>	<u>(813.0)</u>	<u>(718.3)</u>	<u>(797.6)</u>
Total Assets Less Current Liabilities		3,236.7	2,420.1	2,979.9	2,222.2
Creditors: due after one year					
Convertible	7	(200.0)	(200.0)	—	—
Other	7	(377.9)	(386.0)	(478.9)	(636.2)
Deferred Tax	9	(1.7)	(3.6)	5.5	4.7
Minority Interest		(16.2)	(10.9)	—	—
		<u>2,640.9</u>	<u>1,819.6</u>	<u>2,506.5</u>	<u>1,590.7</u>
Capital and Reserves					
Called Up Share Capital	10	439.4	382.0	439.4	382.0
Share Premium Account	11	837.5	218.0	837.5	218.0
Revaluation Reserve	12	26.8	19.9	28.1	19.9
Profit and Loss Account	13	1,337.2	1,052.4	1,201.5	970.8
		<u>2,640.9</u>	<u>1,672.3</u>	<u>2,506.5</u>	<u>1,590.7</u>
5% Convertible Capital Bonds 2004	14	—	147.3	—	—
		<u>2,640.9</u>	<u>1,819.6</u>	<u>2,506.5</u>	<u>1,590.7</u>

Notes on the Financial Statements are on pages 39 to 50

The Financial Statements on pages 36 to 50
were approved by the Board of Directors on
12th May 1992, and are signed on its behalf by

Sainsbury Chairman

David Sainsbury Deputy Chairman

GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks to 14th March 1992

	Note	1992 £m	1991 £m
Group Sales (including VAT & Sales Taxes)	15	9,202.3	8,200.5
VAT & Sales Taxes		506.8	387.2
Group Sales (excluding VAT & Sales Taxes)		8,695.5	7,813.3
Cost of Sales		7,825.0	7,049.9
Gross Profit		870.5	763.4
Administrative Expenses		202.8	178.4
Group Operating Profit	15	667.7	585.0
Net Interest Receivable (Payable)	16	12.7	(35.6)
		680.4	549.4
Associates – share of profit	4	1.2	0.3
		681.6	549.7
Profit Sharing	17	49.4	44.0
Group Trading Profit		632.2	505.7
Other Operating Income including property profits (losses)	18	(4.2)	12.5
Profit on Ordinary Activities before Tax	19	628.0	518.2
Tax on Profit on Ordinary Activities	22	184.5	163.4
Profit on Ordinary Activities after Tax		443.5	354.8
Minority Interest		(5.3)	0.4
Profit for Financial Year		438.2	355.2
Dividends	23	153.7	115.2
Profit Retained	13	284.5	240.0
*Earnings per Share			
Excluding other operating income		25.91p	22.26p
Including other operating income		25.69p	23.10p
*Fully Diluted Earnings per Share			
Excluding other operating income		25.43p	21.74p
Including other operating income		25.22p	22.52p

*The comparative figures have been adjusted in respect of the 1991 rights issue.

GROUP CASH FLOW STATEMENT

for the 52 weeks to 14th March 1992

	Note	1992 £m	1991 £m
Net cash inflow from operating activities	24	788.8	708.4
Returns on investment and servicing of finance			
Interest received		111.2	79.3
Interest paid		(144.6)	(162.9)
Interest element of finance lease rental payments		(6.9)	(5.1)
Dividends paid		(115.1)	(97.9)
Net cash outflow from returns on investments and servicing of finance		(155.4)	(186.6)
Taxation			
Corporation tax paid		(124.9)	(116.9)
Overseas tax paid		(6.8)	(8.7)
Tax paid		(131.7)	(125.6)
Investing activities			
Payments for tangible fixed assets		(707.6)	(723.1)
Receipts from sale of tangible fixed assets		70.4	174.8
Investment in Associates		(6.0)	—
Sale of the business and net assets of Palethorpes Ltd		—	11.9
Purchase of short-term investments with surplus funds		(190.9)	—
Net cash outflow from all investing activities		(834.1)	(536.4)
Net cash outflow before financing		(332.4)	(140.2)
Financing			
Issue of ordinary share capital		509.8	14.3
Expenses of capital issues		(6.1)	(2.0)
Proceeds of long term borrowing		93.0	300.0
Repayment of long term borrowing		(144.8)	(28.2)
Capital element of finance lease rental payments		(0.5)	(0.3)
Net cash inflow from financing	25	451.4	283.8
Increase in cash and cash equivalents	26	119.0	143.6

ACCOUNTING POLICIES

Basis of Accounts

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and with Accounting Standards adopted by the Accounting Standards Board. They consolidate the accounts of J Sainsbury plc ('the Company'), and all its Subsidiaries and, where appropriate, the relevant proportion of the post acquisition results and reserves of Associates ('the Group').

No Profit and Loss Account is presented for the Company as provided by Section 230(3) of the Companies Act 1985.

Consolidation

The results of Subsidiaries acquired are included in the Group Profit and Loss Account from the date of acquisition.

Goodwill arising in connection with the acquisition of Subsidiaries is written off against reserves. Goodwill comprises the excess of the purchase price over the fair value of the assets acquired.

Sales

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

Cost of Sales

Cost of sales consists of all costs to the point of sale including warehouse and transportation costs and all the costs of operating retail outlets.

Deferred Tax

Provision is made on the liability method for deferred tax which could become payable within the foreseeable future having regard to the Group's projected levels of trading and capital expenditure.

Depreciation

Depreciation is provided on freehold and long leasehold properties if, in the opinion of the Directors, the estimated residual value of any property will be less than its book value after excluding the effects of inflation, so that the shortfall is written off in equal annual instalments over the remaining useful life of the property.

Certain landlords' fittings, which have been capitalised as part of leasehold properties, are depreciated in equal annual instalments over the estimated useful life of the asset to the Group.

Leasehold properties with less than 50 years unexpired are depreciated to write off their book value in equal annual instalments over the unexpired period of the lease.

Fixtures, equipment and vehicles are depreciated to write off their cost over their estimated useful lives in equal annual instalments at varying rates not exceeding 15 years and commencing in the accounting year following capitalisation except for certain Subsidiaries where depreciation commences from the date of the acquisition of the asset.

Capitalisation of Interest

Interest incurred on borrowings to finance specific property developments is capitalised net of tax relief.

Research

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

Sale and Leaseback of Properties

Surpluses and deficits on sale and leaseback of properties are recognised in the year of disposal.

Pension Costs

The costs of providing pensions for employees are charged in the profit and loss account in accordance with the recommendations of independent qualified actuaries. Any funding surpluses or deficits that may arise from time to time are amortised over the average service life of members of the scheme.

Leased Assets

Assets used by the Group which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors net of finance charges. Interest costs and all payments in respect of operating leases are charged directly to the profit and loss account.

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.

Associates

Associates are those shown on page 41. An Associate is a company in which the Group participates in commercial and financial policy and has an interest of between 20% and 50% inclusive.

Foreign Currencies

Assets and liabilities in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date. Results from overseas companies are translated at the average rates of exchange for the relevant accounting period of the overseas companies. Differences on translation of investment in overseas companies and related loans are taken directly to reserves.

Earnings per Share

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

The calculation of fully diluted earnings per ordinary share is based on the profit after tax and minority interest and adjustments which assume:

- i) the full conversion of Convertible Capital Bonds on the first day of the financial year.
- ii) the full exercise of all ordinary share options granted under the Company's own schemes on the first day of the financial year, or the date granted if later.

The amount so derived is divided by the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares arising from the above adjustments.

NOTES ON THE FINANCIAL STATEMENTS

at 14th March 1992

Note 1 Tangible Fixed Assets

	Properties	Group Fixtures, Equipment & Vehicles	Total	Properties	Company Fixtures, Equipment & Vehicles	Total
	£m	£m	£m	£m	£m	£m
Cost or Valuation						
At 16th March 1991	2,572.5	1,195.0	3,767.5	1,986.7	934.5	2,921.2
Additions	538.2	228.0	766.2	512.2	183.2	695.4
Disposals	29.0	34.1	63.1	24.9	26.3	51.2
Exchange adjustments	15.1	6.1	21.2	—	—	—
Surplus on Revaluation	3.3	—	3.3	4.7	—	4.7
At 14th March 1992	<u>3,100.1</u>	<u>1,395.0</u>	<u>4,495.1</u>	<u>2,478.7</u>	<u>1,091.4</u>	<u>3,570.1</u>
Depreciation						
At 16th March 1991	84.7	468.7	553.4	20.0	360.3	380.3
Provided in the year	18.1	117.5	135.6	5.2	88.5	93.7
Disposals	1.9	27.0	28.9	1.7	21.8	23.5
Exchange adjustments	2.9	2.6	5.5	—	—	—
Surplus on Revaluation	4.0	—	4.0	3.9	—	3.9
At 14th March 1992	<u>99.8</u>	<u>561.8</u>	<u>661.6</u>	<u>19.6</u>	<u>427.0</u>	<u>446.6</u>
Net Book Value						
At 14th March 1992	<u>3,000.3</u>	<u>833.2</u>	<u>3,833.5</u>	<u>2,459.1</u>	<u>664.4</u>	<u>3,123.5</u>
At 16th March 1991	<u>2,487.8</u>	<u>726.3</u>	<u>3,214.1</u>	<u>1,966.7</u>	<u>574.2</u>	<u>2,540.9</u>
Capital Work-in-Progress included above						
At 14th March 1992	175.9	49.3	225.2	115.6	46.3	161.9
At 16th March 1991	140.1	42.5	182.6	92.7	40.2	132.9
Analysis of Properties						
At 14th March 1992						
			Group		Company	
			Cost	Valuation	Cost	Valuation
			£m	£m	£m	£m
Freehold	— Cost		2,369.7		1,960.6	
	— 1973 Valuation			3.6		3.6
	— 1992 Valuation			78.6		76.8
Long Leasehold	— Cost	475.4			378.5	
	— 1973 Valuation			3.7		3.7
	— 1992 Valuation			23.0		23.0
Short Leasehold	— Cost	146.0			32.4	
	— 1992 Valuation			0.1		0.1
			<u>2,991.1</u>	<u>109.0</u>	<u>2,371.5</u>	<u>107.2</u>

Group non retail freehold and leasehold properties in the UK having a book value of £94.4 million (Company £91.3 million) were revalued at open market value on 14th March 1992 by Messrs J Trevor & Sons at £101.7 million (Company £99.9 million). This valuation has been included above and the surplus has been transferred to revaluation reserve (Note 12).

If the properties included at valuation had been included at cost, the cost and accumulated depreciation figures at 14th March 1992 would have been:

	Group		Company	
	Cost	Depreciation	Cost	Depreciation
	£m	£m	£m	£m
Freehold	2,442.7	1.3	2,030.2	1.3
Long Leasehold	496.2	2.3	399.4	2.3
Short Leasehold	150.2	1.4	36.0	1.2
	<u>3,089.1</u>	<u>5.0</u>	<u>2,465.6</u>	<u>4.8</u>

The amount included in the additions of £766.2 million in respect of interest capitalised during the year ended 14th March 1992 amounted to £37.9 million after deducting tax relief of £18.6 million.

Included in the net book value of fixed assets is £56.2 million in respect of assets held under finance leases.

Note 2 Investments

	Group		Company	
	1992	1991	1992	1991
	£m	£m	£m	£m
Subsidiaries (Note 3)	—	—	561.6	473.7
Associates (Note 4)	20.9	14.0	13.1	5.2
Other investments	6.7	5.0	—	—
	27.6	19.0	574.7	478.9

Note 3 Investment in Subsidiaries

The Company's principal Subsidiaries are:

	Share of Ordinary Allotted Capital	Country of Incorporation
Savacentre Limited	100%	UK
Homebase Limited	75%	UK
Haverhill Meat Products Limited	100%	UK
Shaw's Supermarkets, Inc.	100%*	USA
J Sainsbury (U.S.A.) Inc.	100%*	USA
J Sainsbury (Channel Islands) Limited	100%	Jersey

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

All shares in Subsidiaries are held directly by J Sainsbury plc, apart from those marked * above, which are held by another Subsidiary Company. All Subsidiaries operate in the countries of their incorporation apart from J Sainsbury (Channel Islands) Limited which is managed and controlled in the UK.

Investments**Company
£m**

Shares at cost, less amounts written off	
Balance 16th March 1991	96.9
Net Additions	187.2
Balance 14th March 1992	284.1
Long Term Capital Advances	
Balance 16th March 1991	376.8
Net Decrease	(99.3)
Balance 14th March 1992	277.5
Total Investment 14th March 1992	561.6
16th March 1991	473.7

The consolidated accounts are based upon the audited accounts of the Company and its Subsidiaries made up to 14th March 1992, with the exception of J Sainsbury (U.S.A.) Inc. and Shaw's Supermarkets, Inc. (29th February 1992). In the opinion of the Directors it is necessary for the Overseas Companies to prepare accounts to an accounting date earlier than the rest of the Group for the early production of the Group accounts.

Note 4 Investment in Associates**Share of
Allotted Capital****Share of Profit
Before Tax**

1992
£m

1991
£m

Breckland Farms Limited			
200,000 "B" Ordinary Shares of £1 each	50%	0.3	0.8
141,532 1% Redeemable Preference Shares of £1 each (other shareholder, Pauls plc)			
Kings Reach Investments Limited			
31,604 Ordinary Shares of 1p each (other shareholders, RPH Limited and P&O Property Holdings Limited)	31.604%	0.7	0.7
Sainsbury LET Shop Developments Limited			
500 "B" Ordinary Shares of £1 each	50%	0.2	(1.2)
9,000 Preference Shares of £1 each (other shareholder, London and Edinburgh Trust PLC)	100%		
Hedge End Park Limited			
4,670,050 "A" Ordinary Shares of £1 each (other shareholder, Marks & Spencer p.l.c.)	50%	—	—
		1.2	0.3

Note 4 Investment in Associates – continued

Investments	Group £m	Company £m
Shares at cost		
Balance 16th March 1991	0.6	0.6
Additions	5.2	5.2
Balance 14th March 1992	5.8	5.8
Share of Post Acquisition Reserves		
Balance 16th March 1991	7.4	—
Share of retained loss for the year	(1.0)	—
Balance 14th March 1992	6.4	—
Long Term Capital Advances		
Balance 16th March 1991	6.0	4.6
Additions	2.7	2.7
Balance 14th March 1992	8.7	7.3
Total Investment 14th March 1992	20.9	13.1
16th March 1991	14.0	5.2

The proportion of the profits of the Associates attributable to the Group and the reserves included in the Group Balance Sheet are taken from the audited accounts produced within three months of the balance sheet date, except Kings Reach Investments Limited where management accounts are used.

The reserves shown above are after deducting a dividend received by J Sainsbury plc of £1.9m (1991: Nil).

All Associates operate and are incorporated in the United Kingdom.

J Sainsbury plc Directors of Associates

Breckland Farms Limited: A. W. Fry, I. G. Merton and M. D. Morgan.

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

Sainsbury LET Shop Developments Limited: D. N. Roberts and T. A. Baker.

Hedge End Park Limited: I. D. Coull and D. N. Roberts.

Note 5 Current Asset Investments

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Investments listed on a recognised stock exchange:	85.3	—	54.5	—
Unlisted Investments	104.3	—	84.7	—
	189.6	—	139.2	—

Note 6 Debtors

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Trade	15.7	18.6	5.5	6.0
Amounts owed by Subsidiaries	—	—	8.7	11.8
Other Debtors				
(including £3.3 million due in more than one year)	47.9	86.5	38.4	74.7
Prepayments	16.3	10.0	10.4	5.6
Corporation Tax Recoverable	0.9	1.2	—	—
	80.8	116.3	63.0	98.1

Included in Other Debtors are interest free loans of £7,000 (1991: £7,000) to Mr R. P. Whitbread and £2,000 (1991: £2,000) to Mr D. B. Adriano both of which were made before their appointments as Directors.

Creditors

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Due within one year:				
Borrowings:				
Bank Loans and Overdrafts	133.4	159.0	90.9	85.8
Short Term Notes	—	30.0	—	30.0
First Mortgage Debentures	0.5	—	0.5	—
5%% Notes 1991	—	17.3	—	—
9%% Notes 1991	—	112.8	—	—
10%% Notes 1993	98.8	—	98.8	—
Unsecured Loan Notes	7.6	4.1	—	—
Current portion of long term indebtedness, including finance leases	2.4	2.1	—	—
Amounts owed to Associate	6.3	5.1	6.3	5.1
	<u>249.0</u>	<u>330.4</u>	<u>196.5</u>	<u>120.9</u>
Other Creditors:				
Trade Creditors	578.5	556.4	496.5	484.5
Corporation Tax	187.1	142.8	175.4	137.5
Social Security and Other Taxes	20.6	29.0	11.2	18.7
Other Creditors	250.2	223.4	237.6	199.3
Accruals	70.9	64.1	26.0	21.5
Amounts owed to Subsidiaries	—	—	19.4	144.7
Proposed Dividend	111.9	83.3	111.9	83.3
	<u>1,219.2</u>	<u>1,099.0</u>	<u>1,078.0</u>	<u>1,089.5</u>
	1,468.2	1,429.4	1,274.5	1,210.4

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Due after one year:				
Convertible:				
8½% Convertible Capital Bonds 2005	200.0	200.0	—	—
Others:				
First Mortgage Debentures	0.8	1.4	0.8	1.4
Secured Loans	5.9	6.8	—	—
Unsecured Loan Notes	12.3	16.4	—	—
10¼% Notes 1993	—	100.0	—	100.0
12¼% Notes 1995	100.0	100.0	100.0	100.0
9¼% Notes 1996	87.6	81.9	87.6	81.9
8½% Bonds 1996	87.6	—	87.6	—
8% Irredeemable Unsecured Loan Stock	2.9	2.9	2.9	2.9
Finance Leases	61.9	57.1	—	—
Amounts due to Subsidiary Companies	—	—	200.0	350.0
Loan to Homebase Limited from minority shareholder	11.5	12.5	—	—
Other Creditors	7.4	7.0	—	—
	377.9	386.0	478.9	636.2

The amount owed to an Associate bears interest at National Westminster Bank PLC base rate.

Following proposals from the Accounting Standards Board, the 8% Convertible Capital Bonds 2005 have been reclassified and are now disclosed as part of Creditors. These were issued by J Sainsbury (Channel Islands) Limited, and are guaranteed on a subordinated basis by the Company. They are convertible into 2% Exchangeable Redeemable Preference Shares of the issuer and may be either redeemed or exchanged for ordinary shares in the Company. These Bonds are convertible at any time prior to 12th November 2005 and redeemable at their paid-up value or exchangeable for ordinary shares in the Company at the prescribed price of 337p per ordinary share (after adjustment to take account of the rights issue in July 1991). The issuer is entitled to require conversion on or after 20th November 1995 in certain circumstances or if 80% of the Bonds have been exchanged.

The first mortgage debentures comprise £0.5 million 7¼% stock 1987/92 and £0.8 million 6¼% stock 1988/93. Each provides for redemption at par within 5 years of the terminal date or by yearly drawing out of a sinking fund established for the purpose. The value of debenture stock redeemed between 15th March 1992 and 12th May 1992 amounted to £162,000. The mortgage debenture stocks are secured on certain of the Group's freehold and leasehold properties.

Note 7 Creditors – continued

The secured loans and unsecured loan notes comprise US dollar borrowings of an Overseas Subsidiary. Repayment and interest terms, which vary with each loan, require a combination of annual instalments and balloon repayments with interest rates ranging from 4.8% to 11.5%.

The 12½% Notes 1995 have been swapped into floating rate funds at a margin below LIBOR subject to a minimum interest rate payable of 10%.

The 9% Notes represent \$150 million repayable in October 1996.

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

During the year the Company issued \$150 million 8½% Bonds 1996 to refinance existing borrowings and for the general purposes of the Group.

Note 8 Borrowings

	Group		Company	
	1992	1991	1992	1991
	£m	£m	£m	£m
Due within one year:				
Bank and Other Loans	248.0	329.4	196.5	120.9
Leases	1.0	1.0	—	—
Due after one and within two years:				
Bank and Other Loans	12.1	117.3	17.6	111.2
Leases	0.8	0.9	—	—
Due after two and within five years:				
Bank and Other Loans	288.5	134.8	275.2	112.7
Leases	3.2	2.4	—	—
Due wholly or in part by instalments after five years:				
Bank and Other Loans	5.0	69.8	—	—
Leases	57.9	53.8	—	—
Due otherwise than by instalments after five years:				
Bank and Other Loans	2.9	—	186.0	412.3
Convertible Capital Bonds	200.0	200.0	—	—
	819.4	909.4	675.3	757.1

Note 9 Deferred Tax

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

	Group				Company			
	1992		1991		1992		1991	
	Total	Provision	Total	Provision	Total	Provision	Total	Provision
	£m	£m	£m	£m	£m	£m	£m	£m
Timing differences between depreciation and capital allowances . . .	141.9	10.4	112.7	6.2	109.3	—	96.6	—
Other timing differences	(8.7)	(8.7)	(2.6)	(2.6)	(5.5)	(5.5)	(4.7)	(4.7)
	133.2	1.7	110.1	3.6	103.8	(5.5)	91.9	(4.7)

Note 10 Called Up Share Capital

	Number Allotted Fully paid shares	Aggregate Nominal Value £m	Consideration £m
Ordinary Shares of 25p each Authorised – 2,000,000,000 shares		500.0	
At 16th March 1991	1,528,185,576	382.0	
Shares allotted:			
Rights issue	158,733,293	39.7	495.3
Conversion of 5% Capital Bonds 2004	56,225,110	14.1	147.3
Profit Sharing Scheme	4,477,500	1.1	15.9
Savings-Related Share Option Schemes	3,705,117	0.9	6.6
Executive Share Option Schemes	3,465,464	0.9	7.9
Scrip Dividend	2,809,659	0.7	10.0
At 14th March 1992	1,757,601,719	439.4	683.0

On 5th July 1991 the Company issued 158,733,293 new ordinary shares by means of a rights issue to the holders of ordinary shares on the basis of 1 new ordinary share for every 10 ordinary shares held on 26th June 1991.

Contingent rights to the allotment of 59,347,181 ordinary shares in the Company at 337p (after adjustment to take account of the rights issue in July 1991) exist until 19th November 2005 under the terms of the issue of £200 million 8¼% Convertible Capital Bonds 2005 (see Note 7).

Contingent rights also exist at future dates under the Company's Savings-Related Share Option and Executive Share Option Schemes and under similar schemes for Savacentre. It is also intended to allot ordinary shares in the Company under the terms of the Company's Profit Sharing Scheme. Under the Savings-Related Schemes options are normally exercisable within six months of the fifth anniversary of the grant of an option and under the Executive Share Schemes between 3 and 10 years from the date of the grant of an option. Under the terms of the Company's Profit Sharing Scheme qualifying employees can elect to have shares allocated to them at market value in respect of their participation in the Scheme for the relevant financial year and such shares will be allotted within one month of the Annual General Meeting.

Details of these options at 14th March 1992 were as follows:

(a) Savings-Related Share Options

Date of Grant	Price	Options outstanding at the end of the year	
		1992	1991
7th December 1984	126.562p	—	1,285
9th December 1985	161.044p	—	1,012,865
10th November 1986	181.792p	754,910	3,452,956
9th November 1987	245.024p	2,739,689	2,901,214
16th May 1988	204.516p	79,455	114,014
14th November 1988	176.852p	3,822,398	4,048,998
9th January 1990	205.504p	6,517,114	6,999,628
19th December 1990	237.120p	7,019,255	7,404,063
30th December 1991	276.000p	8,601,773	—
		29,534,594	25,935,023

(b) Executive Share Options

28th January 1985	156.104p	100,293	217,074
16th September 1985	166.972p	16,076	21,788
14th July 1986	193.648p	637,216	1,390,595
9th March 1987	238.602p	74,936	91,693
13th July 1987	281.580p	1,925,232	2,847,133
9th February 1988	217.360p	2,056,123	3,555,025
31st July 1989	272.688p	5,261,188	5,302,814
28th February 1991	322.088p	5,579,077	5,594,947
		15,650,141	19,021,069

Figures for all prices and options outstanding are adjusted for capitalisation issues in July 1984 and July 1987 and for the rights issue in July 1991.

Note 11 Share Premium Account

	Company £m
Balance 16th March 1991	218.0
Rights Issue	455.6
Conversion of 5% Capital Bonds 2004	133.2
Savings-Related Share Option Schemes	5.7
Executive Share Option Schemes	7.0
Profit Sharing Scheme	14.8
Scrip Dividend	9.3
Expenses of Capital Issues	(6.1)
Balance 14th March 1992	<u>837.5</u>

Note 12 Revaluation Reserve

	Group £m	Company £m
Balance 16th March 1991	19.9	19.9
Surplus on revaluation of properties (Note 1)	7.3	8.6
Transfer to Profit and Loss Account in respect of property disposals during the year (Note 13)	(0.4)	(0.4)
Balance 14th March 1992	<u>26.8</u>	<u>28.1</u>

Note 13 Profit and Loss Account

	Group £m	Subsidiaries £m	Associates £m	Company £m
Balance 16th March 1991	1,052.4	74.2	7.4	970.8
Profit retained for the year	284.5	45.4	(1.0)	240.1
Transfer from Revaluation Reserve (Note 12)	0.4	—	—	0.4
Currency Movements	(0.1)	9.7	—	(9.8)
Balance 14th March 1992	<u>1,337.2</u>	<u>129.3</u>	<u>6.4</u>	<u>1,201.5</u>

The cumulative goodwill written off against the reserves of the Group as at 14th March 1992 amounted to £143.1 million. No provision has been made for additional taxation which would arise if profits of Overseas Subsidiaries were distributed. The profit for the financial year dealt with in the accounts of J Sainsbury plc amounted to £393.8 million (1991: £334.1 million).

Note 14 5% Convertible Capital Bonds 2004

On 23rd April 1991, the issuer, J Sainsbury (Capital) Limited a wholly owned Subsidiary Company, gave the required conversion and redemption notice in respect of the outstanding Bonds to take effect on 24th June 1991. £147.3 million of the Bonds were converted and exchanged into ordinary shares of J Sainsbury plc. For this reason the Directors consider the presentation of these Bonds as shown is necessary to give a true and fair view.

Note 15 Segment Analysis of Turnover, Profit and Net Assets

	Group					
	1992			1991		
	Turnover £m	Profit £m	Net Assets £m	Turnover £m	Profit £m	Net Assets £m
Food Retailing – United Kingdom	7,892.3	632.2	2,653.4	6,993.6	538.9	2,199.6
Food Retailing – United States	1,043.1	21.4	256.4	968.8	30.2	231.2
DIY Retailing – United Kingdom	257.6	15.5	157.6	224.5	13.2	151.6
Other Operating Activities	9.3	(1.4)	45.8	13.6	2.7	47.0
	<u>9,202.3</u>			<u>8,200.5</u>		
Operating Profit		667.7			585.0	
Net Interest Receivable (Payable)		12.7			(35.6)	
Associates – share of profit		1.2			0.3	
Profit Sharing		(49.4)			(44.0)	
Other Operating Income		(4.2)			12.5	
Group Profit before Tax		<u>628.0</u>			<u>518.2</u>	
Capital Employed			3,113.2			2,629.4
Net Borrowings			(456.1)			(798.9)
Minority Interest			(16.2)			(10.9)
Net Assets			<u>2,640.9</u>			<u>1,819.6</u>

Note 15 Segment Analysis of Turnover, Profit and Net Assets – continued

The Group Financing is undertaken centrally and in consequence the Group interest has not been attributed to classes of business or geographical areas. The analysis of capital employed by class of business and geographical area is calculated on net assets excluding net borrowings.

Turnover is disclosed by origin. There is no material difference in turnover by destination.

	1992 £m	Group 1991 £m
Net Margin on tax inclusive sales:		
United Kingdom	7.92%	7.67%
United States	2.05%	3.12%
	<u>7.26%</u>	<u>7.13%</u>
Net Margin on tax exclusive sales:		
United Kingdom	8.43%	8.10%
United States	2.07%	3.15%
	<u>7.68%</u>	<u>7.49%</u>

Note 16 Net Interest Receivable (Payable)

	1992 £m	Group 1991 £m
Interest receivable	116.6	79.3
Interest payable:		
Bank and Other Interest on loans wholly repayable within five years	134.1	128.0
Interest on loans payable by instalments within five years	—	1.8
On loans not wholly repayable within five years		
12½% Notes	—	9.6
9½% Notes	—	7.3
Loan Stock Interest	0.2	0.2
Other Loans payable by instalments	1.6	1.3
Finance Leases	6.9	5.1
Convertible Capital Bonds	17.6	13.0
	<u>160.4</u>	<u>166.3</u>
Interest Capitalised	56.5	51.4
	<u>103.9</u>	<u>114.9</u>
	<u>12.7</u>	<u>(35.6)</u>

Interest receivable includes income from listed investments of £4.0 million (1991: Nil).

Note 17 Profit Sharing

The amount due to UK retail employees under the Profit Sharing Scheme is calculated on the UK operating profits less UK interest but excluding the other operating income of participating companies. In order that employees can more readily identify profit sharing, the profit and loss account has been amended from the format of the Companies Act 1985.

The figure on which the profit sharing fund is based is £669.5 million. £46.6 million has been provided for the profit fund and £2.8 million for Employers National Insurance.

Note 18 Other Operating Income including property profits (losses)

	1992 £m	Group 1991 £m
Surplus on sale and leaseback of properties	0.9	12.6
Profit on disposal of the business and net assets of Palethorpes Limited	—	5.1
Less: Amounts written off land and buildings	5.1	5.2
	<u>(4.2)</u>	<u>12.5</u>

Note 19 Profit on Ordinary Activities before Tax

	Group	
	1992	1991
	£m	£m
This has been arrived at after charging:		
Depreciation – owned assets	133.9	123.6
– finance leases	1.7	1.8
Pension Costs	31.5	35.0
Directors' Emoluments (Fees nil–Note 21)	3.2	2.7
Auditors' Remuneration	0.5	0.4
Pensions to former Directors	0.1	0.1
Operating Lease Rentals – plant and equipment	7.2	5.5
– other	98.8	80.3

The Company's audit fee included above amounted to £0.2 million; the cost of other services provided in the year by the Company's auditors to the Group was £0.8 million.

Note 20 Employees

	Group	
	1992	1991
	£m	£m
Employees' remuneration and related costs during the year amounted to:		
Wages and Salaries	849.3	748.4
Social security costs	58.2	51.8
Other pension costs	31.5	35.0
	939.0	835.2
Employees' Profit Sharing Scheme	49.4	44.0
	988.4	879.2
	1992	1991
The weekly average number of employees during the year was:		
Full-time	42,310	41,816
Part-time	70,474	67,171
	112,784	108,987
Full-time equivalent	72,896	70,848

Note 21 Directors' Remuneration

	1992	1991
	£'000	£'000
Chairman	221	189
Highest paid Director	280	217

Remuneration of all Directors fell within the following ranges:

	1992	1991		1992	1991
£ 10,001 – £ 15,000	1	1	£ 160,001 – £ 165,000	1	1
£ 15,001 – £ 20,000	2	2	£ 165,001 – £ 170,000	1	1
£ 35,001 – £ 40,000	1	–	£ 170,001 – £ 175,000	1	–
£ 50,001 – £ 55,000	1	–	£ 175,001 – £ 180,000	1	–
£ 60,001 – £ 65,000	–	1	£ 185,001 – £ 190,000	–	2
£ 70,001 – £ 75,000	–	1	£ 195,001 – £ 200,000	2	1
£ 95,001 – £ 100,000	1	–	£ 200,001 – £ 205,000	1	1
£ 105,001 – £ 110,000	–	1	£ 215,001 – £ 220,000	–	1
£ 110,001 – £ 115,000	–	1	£ 220,001 – £ 225,000	1	–
£ 130,001 – £ 135,000	–	2	£ 230,001 – £ 235,000	1	–
£ 135,001 – £ 140,000	1	–	£ 240,001 – £ 245,000	1	–
£ 140,001 – £ 145,000	1	2	£ 245,001 – £ 250,000	1	–
£ 155,001 – £ 160,000	–	2	£ 280,001 – £ 285,000	1	–

Note 22 Tax on Profit on Ordinary Activities

	Group	
	1992	1991
	£m	£m
The tax charge for the year is:		
Corporation tax at 33% (1991: 34%)	193.3	151.4
Overprovision in prior years	(14.6)	—
Deferred tax	—	2.9
Overseas tax	5.5	8.7
Share of Associates' tax	0.3	0.4
	184.5	163.4

The tax charge for the year takes account of the tax benefits of excess capital allowances over depreciation for the year of £18.4 million. After deducting tax relief of £18.6 million on interest capitalised the net amount of corporation tax of £174.7 million is payable in December 1992.

The Company is not a Close Company under the terms of the Income and Corporation Taxes Act 1988.

Note 23 Dividends

	Company	
	1992	1991
	£m	£m
Interim	42.0	31.9
Proposed final	111.7	83.3
	153.7	115.2

The interim dividend of 2.4p per share, paid on 20th January 1992, together with the related tax credit, is equal to 3.2p and the proposed final dividend of 6.35p per share, together with the related tax credit, is equal to 8.47p.

Note 24 Reconciliation of operating profit to net cash inflow from operating activities

	Group	
	1992	1991
	£m	£m
Operating profit	667.7	585.0
Profit sharing	(49.4)	(44.0)
Depreciation charges	135.6	120.2
Increase in stocks	(1.5)	(52.3)
Decrease (Increase) in debtors	4.7	(9.7)
Increase in creditors	31.7	109.2
Net cash inflow from operating activities	788.8	708.4

Note 25 Analysis of changes in financing during the year

	Group			
	Share Capital (including premium)		Loans and Finance Lease obligations	
	1992	1991	1992	1991
	£m	£m	£m	£m
Balance 16th March 1991	600.0	572.4	867.7	602.6
Cash flows from financing	503.7	12.3	(52.3)	271.5
Non cash transactions:				
Conversion of 5% Bonds 2004	147.3	2.7	(147.3)	(2.7)
Scrip Dividend	10.0	—	—	—
Employee Profit Sharing	15.9	12.6	—	—
Inception of finance lease contracts:				
Shaw's	—	—	1.7	20.8
HMP	—	—	—	0.7
Effect of foreign exchange rate changes	—	—	16.3	(25.2)
Balance 14th March 1992	1,276.9	600.0	686.1	867.7

Note 26 Analysis of changes in cash and cash equivalents during the year

	1992	Group
	£m	1991
		£m
Balance 16th March 1991	(78.5)	(222.1)
Net cash inflow before adjustments for the effect of foreign exchange rate changes	119.0	143.6
Balance 14th March 1992	40.5	(78.5)

Cash and cash equivalents comprise cash at bank and in hand £173.9 million (1991: £110.5 million) less bank loans and overdrafts £133.4 million (1991: £159.0 million), and short term notes £Nil (1991: £30.0 million).

Note 27 Future Capital Expenditure

	1992	Group
	£m	1991
		£m
Contracted for but not provided for in the accounts	418.5	453.7
Authorised but not contracted for to date by Board of Directors	470.5	430.8

Note 28 Contingent Liabilities and Financial Commitments

The Group has guaranteed facilities for Associates to the extent of £4.8 million (1991: £4.8 million) at the date of approval of these accounts. Other contingent liabilities amounted to £0.1 million (1991: £1.4 million) at that date.

The Company has guaranteed the borrowings of certain Subsidiary Companies which, at 14th March 1992 amounted to £200.0 million (1991: £483.7 million).

The Group is committed to make operating lease payments during the next financial year as follows:

	£m
Land and Buildings	
Leases which expire within the year	0.3
Leases which expire within 2-5 years	0.3
Leases which expire after 5 years	100.6
Other Leases	
Leases which expire within the year	0.1
Leases which expire within 2-5 years	9.6

Note 29 Pension Commitments

The Group operates a defined benefit pension scheme in the UK, the assets of which are held in a separate trustee administered fund. The costs are assessed on the advice of independent qualified actuaries.

Of the total pension costs of the Group, £27.1 million (1991: £30.7 million) relates to the UK Scheme, the cost of which is assessed on the advice of qualified actuaries.

The latest actuarial valuation of the UK Scheme was carried out by independent qualified actuaries as at 16th March 1991, using the projected unit method. The significant actuarial assumptions used in the valuation were that future investment returns would be 10% per annum, future salary and wage increases would average 7½% per annum and pensions in course of payment would increase at 5% per annum.

At the date of the latest actuarial valuation the market value of the assets of the UK Scheme was £859 million and the actuarial value of the assets was sufficient to cover 132% of the benefits that had accrued to members, allowing for expected future increases in earnings. Improvements to members' benefits have been agreed with the trustees of the pension scheme and the actuarial surplus takes account of the cost of these improvements. The resultant increased ongoing pension cost to the Company has been offset by the amortisation of the surplus as a level percentage of net pensionable earnings over 12½ years. An amount of £7.0 million is included in Other Debtors representing Company contributions to the pension scheme in excess of the cost. The surplus is being amortised over the expected working life of the existing members.

The Group also operates a defined benefit pension scheme and a defined contribution pension scheme in the USA. The pension cost relating to the USA defined benefit scheme has been determined in accordance with the advice of independent actuaries.

DIRECTORS' INTERESTS

	Ordinary Shares		Options over Ordinary Shares			
	14th March 1992	16th March 1991	14th March 1992	Granted during year	Exercised during year	16th March 1991 *
Lord Sainsbury	47,497,363	47,497,363	109,323	—	—	109,323
D. J. Sainsbury	343,495,978	338,433,302	109,751	—	—	109,751
D. A. Quarmby	58,578	60,625	188,365	—	—	188,365
R. T. Vyner	21,634	74,319	122,602	271	1,221	123,552
C. Roberts	185,456	173,490	134,309	—	4,538	138,847
R. A. Clark	108,226	114,600	151,814	271	32,113	183,656
D. E. Henson	68,920	66,127	119,640	—	43,540	163,180
K. C. Worrall	125,076	107,964	181,525	1,630	4,070	183,965
I. D. Coull	5,763	3,197	81,397	—	34,499	115,896
R. Cooper	64,630	35,348	93,344	271	72,514	165,587
J. E. Adshad	6,145	2,994	80,833	271	—	80,562
C. I. Harvey	58,126	56,125	113,170	271	48,314	161,213
D. B. Adriano	19,424	3,844	62,722	—	39,437	102,159
R. P. Whitbread	15,871	14,095	96,661	489	29,042	125,214
J. H. G. Barnes	47,027	151,896	62,333	—	2,035	64,368
Sir James Spooner	8,400	4,800	—	—	—	—
Lord Prior	12,100	11,000	—	—	—	—
Lady Eccles	2,966	2,000	—	—	—	—

*Adjusted for rights issue on 5th July 1991.

Notes:

These beneficial holdings include the Directors' personal holdings and those of their spouses and minor children as well as holdings in family trusts, of which a Director or his minor children are beneficiaries or potential beneficiaries.

D. J. Sainsbury also has a non-beneficial holding of 226,277 (1991: 428,056) shares in a charitable trust of which he is a trustee.

Directors' interests in Loan Stock were: Lord Sainsbury, beneficial 50 (1991: 50), D. J. Sainsbury, non-beneficial 2,095 (1991: 2,095).

Between 14th March 1992 and 5th May 1992 there were no changes in the Directors' interests.

SHAREHOLDERS' INTERESTS

14th March 1992

Number of Shareholders: 80,441 (1991: 64,600)

Shareholdings Range	Shareholders %		Shares %	
	1992	1991	1992	1991
500 and under	31.59	25.74	0.26	0.32
501 to 1,000	17.69	20.87	0.61	0.72
1,001 to 10,000	46.56	48.95	5.64	5.69
10,001 to 100,000	3.30	3.50	3.83	3.80
100,001 to 1,000,000	0.62	0.68	9.81	9.08
and over 1,000,000	0.24	0.26	79.85	80.39
	100.00	100.00	100.00	100.00

Category of Shareholders	Shareholders %		Shares %	
	1992	1991	1992	1991
Pension Funds	0.10	0.11	5.22	5.67
Insurance Companies	0.49	0.65	6.36	6.87
Investment Trusts	0.12	0.14	0.21	0.25
Banks and Nominee Companies	11.08	8.93	31.83	25.72
Other Corporate Bodies	1.93	1.92	5.87	5.51
Other Shareholders	86.28	88.25	50.51	55.98
	100.00	100.00	100.00	100.00

At the year end the Trustees of the Profit Sharing Scheme held 22,151,162 shares (1991: 20,670,806) on behalf of 35,796 participants (1991: 30,821) in the Scheme.

The Trustees' holding is included in 'Other Shareholders' above.

FINANCIAL CALENDAR

1 Dividend and Interest Payments

Ordinary Dividend	Interim	announced November	paid January
	Final	proposed May	paid July
7¼% First Mortgage Debenture Stock 1987/92		7th March	7th September
6¼% First Mortgage Debenture Stock 1988/93		31st May	30th November
10¼% Notes 1993		7th January	
8% Irredeemable Unsecured Loan Stock		1st March	1st September
9¼% Notes 1996		2nd October	
8¼% Convertible Capital Bonds 2005		6th March	6th September
12¼% Notes 1995		1st March	
8¼% Bonds 1996		9th May	

2 Other dates – Financial Year 1992/93

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

OTHER INFORMATION FOR SHAREHOLDERS

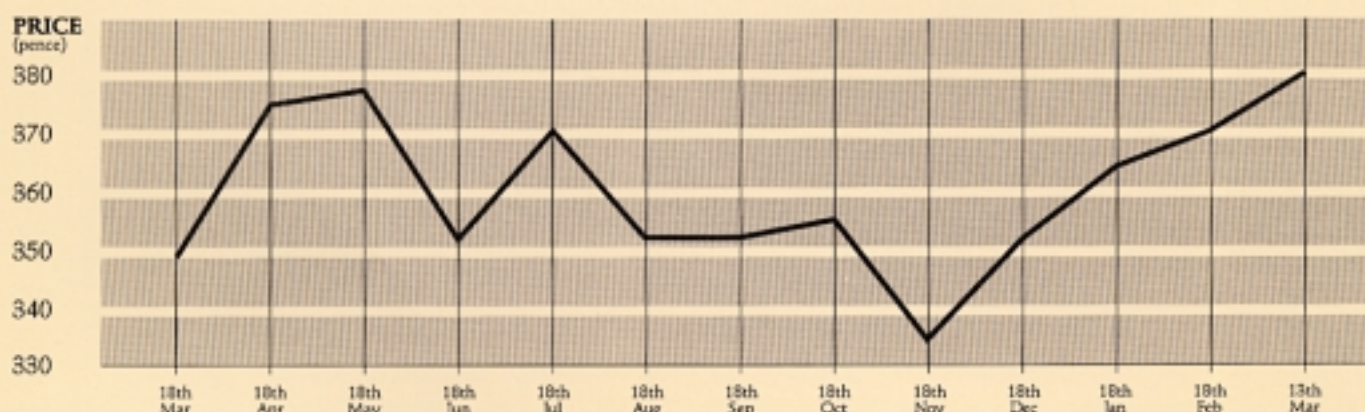
PERSONAL EQUITY PLANS

On the Company's behalf, Bradford & Bingley (PEPs) Limited is operating the following Personal Equity Plans:

The Sainsbury's Corporate Personal Equity Plan.

The Sainsbury's Single Company Personal Equity Plan.

For further information you may write to Bradford & Bingley (PEPs) Limited, PO Box 50, Main Street, Bingley, West Yorkshire BD16 2LW or telephone 0274 555677.

MARKET PRICE MOVEMENTS ON ORDINARY SHARES FROM
18th MARCH 1991 TO 13th MARCH 1992

The rights issue of one new share for every 10 shares held, was announced on 18th June 1991 and dealings in new ordinary shares (nil paid) commenced on 5th July 1991.

TAX INFORMATION

Capital Gains Tax

The market values of ordinary shares for Capital Gains Tax purposes are as follows:

Date	Value	Date	Value
31st March 1982	69.375p	16th July 1984	123.0p
5th July 1982	80.0p	3rd July 1987	292.0p

The above values have been adjusted for all capitalisation issues, but not for the rights issue of July 1991.

These values are adjustable by the indexation allowance.

Scrip Dividend Scheme

The cash equivalent of the new shares on the first days of dealing were as follows:

	Cash Equivalent	Gross Income for UK Tax Purposes*
Final Dividend 1991 (paid 29th July 1991)	375.80p	501.07p
Interim Dividend 1992 (paid 20th January 1992)	349.00p	465.33p

*Cash equivalent grossed up for tax at the basic rate of 25%.

REGISTERED OFFICE AND ADVISERS

Registered Office

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Registered Number 185647

Registrars

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Registrar's Department, PO Box No 82
Caxton House, Redcliffe Way, Bristol BS99 7NH

Auditors

Clark Whitehill
25 New Street Square, London EC4A 3LN

Solicitors

Denton Hall Burgin & Warrens
Five Chancery Lane, Clifford's Inn, London EC4A 1BU

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