

# JOHN LEWIS PROPERTIES PLC

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# **JOHN LEWIS PROPERTIES PLC**

## **COMPANY INFORMATION**

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|--|--|
| Directors:   | Sir Charlie Mayfield<br>Helen Weir<br>Nigel Keen |
| Company Secretary and<br>Director of Legal Services: | Margaret Casely-Hayford                          |
| Registered Office:                                   | 171 Victoria Street, London, SW1E 5NN            |
| Company Number:                                      | 303301   |
| Independent Auditors:                                | PricewaterhouseCoopers LLP                       |
| Solicitors:  | Hogan Lovells International LLP                  |
| Bankers:   | Royal Bank of Scotland plc                       |

# JOHN LEWIS PROPERTIES PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 25 JANUARY 2014

### **Review of the business and future developments**

John Lewis Properties plc ("the Company") primarily acts as a property holding company for the John Lewis Partnership plc group ("the Partnership") and owns some of the properties occupied by that group. Most of its rental income derives from tenancy agreements with other group companies. There are no plans to change these arrangements.

John Lewis Properties plc's revenue at £40.2m was £0.1m (0.2%) higher than last year. Operating profit decreased by £2.6m (10.9%) to £21.2m. Profit for the year decreased by £1.0m (4.5%) to £21.0m.

Net assets were up by £21.0m (2.6%) to £826.1m, and the fair value of investment property is estimated to be £653.6m, up by 1.7% from £642.5m last year.

Given the nature of the Company's activities, the Company's Directors believe that specific KPIs are not necessary or appropriate for an understanding of the Company's development, performance, or the position of its business.

### **Principal risks and uncertainties**

Financial and operational issues are managed on a Partnership wide basis and so, where it is relevant, the Directors' report provides information in respect of the Partnership. Details of the Partnership's principal risks and uncertainties are included within pages 46 to 49 of the Partnership's Annual Report and Accounts.

John Lewis Properties plc's principal risks and uncertainties are in line with those of John Lewis Partnership plc. However, the risks that are most relevant to John Lewis Properties plc are: operating model strain, business interruption, data breach, regulatory compliance and the UK economy.

Details of key mitigations to these principal risks and uncertainties are presented in pages 48 and 49 of the Partnership's Annual Report and Accounts.

Approved by the Directors and signed on behalf of the Board



**Helen Weir**  
Director  
10 July 2014

# JOHN LEWIS PROPERTIES PLC

## **DIRECTORS' REPORT FOR THE YEAR ENDED 25 JANUARY 2014**

The Directors present their report and the audited financial statements of the Company for the year ended 25 January 2014.

### **Principal activity**

John Lewis Properties plc is incorporated and registered in England and Wales. The Company is primarily a property owning Company and is a wholly owned subsidiary of John Lewis plc, within the John Lewis Partnership plc group.

There are no plans to change the business activities of the Company.

### **Directors**

The Directors of the Company at the date of this report are shown on page 1. All Directors served throughout the year under review.

### **Employees**

Information regarding the Company's policy for employment, training, career development and other employee related matters is included on pages 14 to 17 of the Annual Report and Accounts of John Lewis Partnership plc.

### **Health and safety**

The Company adopts the Partnership's arrangements in respect of health and safety. The Partnership is committed to going about its business in a way that avoids, so far as is reasonably practicable, causing harm to people or property, and to promoting, through its extensive occupational health service, the wellbeing of its workforce. The Partnership cannot expect to eliminate health and safety risk totally from the workplace but its current priority is to ensure that management at all levels know and understand the risks within their areas of responsibility.

### **Financial risk management**

John Lewis Properties plc's financial risks are managed within the Partnership's framework. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the Partnership's business needs, to meet Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the Partnership's business planning process crystallising. Details of the Partnership's financial risk management policies are included in note 20 of the Partnership's Annual Report and Accounts.

### **Directors' responsibilities**

The statement of Directors' responsibilities in relation to the financial statements is set out on page 15.

### **Directors' interests**

Under the constitution of the Partnership all the Directors, as employees of John Lewis plc, are necessarily interested in the 612,000 Deferred Ordinary Shares in John Lewis Partnership plc which are held in trust for the benefit of employees of John Lewis plc and of certain other group companies. No Director has or had a material interest in any contract or arrangement to which the Company is or was a party.

### **Dividends**

The share capital of the Company is wholly owned by John Lewis plc. The Directors do not recommend the payment of a dividend (2013: nil).

### **Going concern**

The Directors, after reviewing the Company's operating budgets, investment plans and financing arrangements, consider that the Company has adequate resources to continue in operation for the foreseeable future. The Company has, at the date of this report, sufficient financing available for its estimated requirements for the foreseeable future and, accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

## JOHN LEWIS PROPERTIES PLC

### **Independent auditors and disclosure of information to auditors**

The Directors of the Company have taken all reasonable steps that they each ought to have taken as Directors in order to make themselves aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the auditors are aware of that information. So far as the Directors are aware there is no such information of which the Company's auditors are unaware.

Approved by the Directors and signed on behalf of the Board



Margaret Casely-Hayford  
Director of Legal Services and Company Secretary  
10 July 2014

JOHN LEWIS PROPERTIES PLC

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 25 JANUARY 2014**

| <i>Notes</i> |   | <b>2014</b>   | <b>2013</b>   |
|--------------|---|---------------|---------------|
|              |   | <b>£m</b>     | <b>£m</b>     |
|              | <b>Revenue</b>  |               |               |
|              | Rent receivable   | <b>40.2</b>   | <b>40.1</b>   |
|              | Rent payable  | <b>(4.3)</b>  | <b>(3.1)</b>  |
| 6            | Other operating income                                    | <b>1.0</b>    | <b>0.7</b>    |
|              | Administrative expenses                                   | <b>(16.0)</b> | <b>(13.9)</b> |
| 2            | Profit on disposal of property                            | <b>0.3</b>    | <b>-</b>      |
|              | <b>Operating profit</b>                                   | <b>21.2</b>   | <b>23.8</b>   |
|              | Finance costs   | <b>(0.1)</b>  | <b>(0.1)</b>  |
| 3            | <b>Profit before tax</b>                                  | <b>21.1</b>   | <b>23.7</b>   |
| 4            | Taxation  | <b>(0.1)</b>  | <b>(1.7)</b>  |
|              | <b>Profit and total comprehensive income for the year</b> | <b>21.0</b>   | <b>22.0</b>   |

# JOHN LEWIS PROPERTIES PLC

## BALANCE SHEET AS AT 25 JANUARY 2014

| Notes |   | 2014<br>£m    | 2013<br>£m    |
|-------|---|---------------|---------------|
|       | <b>Non-current assets</b>                 |               |               |
| 5     | Investment properties                     | 592.2         | 597.7         |
| 6     | Investment in JLP Scottish Partnership    | 53.6          | 53.6          |
|       |   | 645.8         | 651.3         |
|       | <b>Current assets</b>                     |               |               |
| 7     | Trade and other receivables               | 1.2           | 0.8           |
|       | Amount due from fellow group undertakings | 231.2         | 212.2         |
|       |   | 232.4         | 213.0         |
|       | <b>Total assets</b>                       | <b>878.2</b>  | <b>864.3</b>  |
|       | <b>Current liabilities</b>                |               |               |
| 8     | Trade and other payables                  | (0.3)         | (0.1)         |
|       | Current tax payable                       | (7.0)         | (7.0)         |
|       |   | (7.3)         | (7.1)         |
|       | <b>Non-current liabilities</b>            |               |               |
| 9     | Finance lease liabilities                 | (1.5)         | (1.6)         |
| 4     | Deferred tax liabilities                  | (43.3)        | (50.5)        |
|       |   | (44.8)        | (52.1)        |
|       | <b>Total liabilities</b>                  | <b>(52.1)</b> | <b>(59.2)</b> |
|       | <b>Net assets</b>                         | <b>826.1</b>  | <b>805.1</b>  |
|       | <b>Equity</b>                             |               |               |
| 10    | Share capital                             | 25.7          | 25.7          |
|       | Share premium account                     | 1.2           | 1.2           |
|       | Retained earnings                         | 799.2         | 778.2         |
|       | <b>Total equity</b>                       | <b>826.1</b>  | <b>805.1</b>  |

The financial statements on pages 5 to 14 were approved by the Directors on 10 July 2014 and signed on its behalf by

Directors  
John Lewis Properties plc

Registered No: 303301

# JOHN LEWIS PROPERTIES PLC

## **STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 25 JANUARY 2014**

|                                   | Share<br>capital<br>£m | Share<br>premium<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
|-----------------------------------|------------------------|------------------------|----------------------------|-----------------------|
| Balance at 28 January 2012        | 25.7                   | 1.2                    | 756.2                      | 783.1                 |
| Profit for the year               | -                      | -                      | 22.0                       | 22.0                  |
| Balance at 26 January 2013        | 25.7                   | 1.2                    | 778.2                      | 805.1                 |
| Profit for the year               | -                      | -                      | 21.0                       | 21.0                  |
| <b>Balance at 25 January 2014</b> | <b>25.7</b>            | <b>1.2</b>             | <b>799.2</b>               | <b>826.1</b>          |

### **Notes to the accounts**

#### **1. Accounting policies**

##### **Basis of accounting**

The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosures framework for a "qualifying entity" as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company is a qualifying entity for the purposes of FRS 101. The Company's transition date to FRS 101 is 27 January 2013. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 sets out amendments to IFRS as adopted by the European Union that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the statement of Comprehensive Income, Balance Sheet or Statement of Changes in Equity of the Company for the year ended 25 January 2014.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement.
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.

The Company is an intermediate parent Company and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006.

The following standards, amendments and interpretations were also adopted by the Company from 27 January 2013 and have not had a significant impact on the Company's profit for the year, equity or disclosures:

- Amendment to IFRS 7 'Financial instruments: Disclosures' on offsetting financial assets and liabilities;
- Amendment to IAS 32: 'Financial instruments: presentation';
- Amendment to IAS 39 'Financial instruments: recognition and measurement'.



# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 1. Accounting policies (continued)

#### Property valuation

The Company's freehold and long leasehold department store properties were valued by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, at 31 January 2004, at fair value. These values have been incorporated as deemed cost, subject to the requirement to test for impairment, in accordance with IAS 36. The Company has decided not to adopt a policy of revaluation since 31 January 2004.

Other assets are held at cost.

#### Investment property

Property that is held for either long term rental yields or for capital appreciation, or for both, and that is not occupied by the Company is classified as investment property. Investment property comprises freehold land, freehold buildings and buildings held under finance lease. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. The disclosed fair value of investment property is deemed to be market value.

If an investment property becomes owner occupied it is reclassified as a tangible fixed asset. Property that is being constructed or developed for future use as investment property is classified as an asset in the course of construction and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

#### Depreciation

No depreciation is charged on freehold land and assets in the course of construction. Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, on a straight line basis over their expected useful life, at the following rates:

Freehold and long leasehold buildings - 2% to 4%

Other leaseholds - over the shorter of the useful economic life and the remaining period of the lease

Property residual values are assessed as the price in current terms that a building would be expected to realise, as if it were at the end of its useful economic life. The assets' residual values and useful lives are reviewed at least at each balance sheet date.

#### Leased assets

Assets used by the Company which have been funded through finance leases on terms that transfer to the Company substantially all the risks and rewards of ownership are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability, to achieve a constant rate of interest on the remaining balance of the liability. The interest element of finance lease rentals is charged to the statement of comprehensive income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the Company does not retain substantially all their risks and rewards of ownership of the assets are classified as operating leases. Operating lease rental payments, other than contingent rentals, are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the statement of comprehensive income when incurred.

Lease premiums and inducements are recognised in current and non-current assets and liabilities accordingly, and amortised on a straight line basis over the lease term.

Sub-lease income is recognised as income on a straight line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

#### Taxation

The charge for current income tax is based on the results for the year adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date.

# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 1. Accounting policies (continued)

#### Taxation (continued)

Deferred income tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

#### Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate which reflects the asset specific risks and the time value of money.

#### Offsetting

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net.

#### Trade and other receivables

Trade and other receivables are stated at amortised cost less allowances for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable.

#### Investments

Investments are valued at cost, less allowances for impairment.

#### Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

### 2. Profit on disposal of property

|                                  | 2014 | 2013 |
|----------------------------------|------|------|
|                                  | £m   | £m   |
| Profit on disposal of properties | 0.3  | -    |

# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 3. Profit on ordinary activities before taxation

|   | 2014<br>£m | 2013<br>£m |
|---|------------|------------|
| Profit on ordinary activities before taxation is stated after crediting/(charging) the following: |            |            |
| Operating lease income - land and buildings   | 40.2       | 40.1       |
| Depreciation  | (16.0)     | (13.9)     |
| Profit on disposal of properties  | 0.3        | -          |
| Operating lease rentals - land and buildings  | (4.3)      | (3.1)      |

Auditors' remuneration in the year was £14,420 (2013: £14,420).

Contingent rents expensed during the year were £1.2m (2013: £1.3m). Contingent rents are determined based on store revenues.

### 4. Taxation

#### 4.1 Analysis of tax charge for the year

|  | 2014<br>£m | 2013<br>£m |
|--|------------|------------|
| Analysis of tax (charge)/credit:                           |            |            |
| Corporation tax - current year                             | (7.5)      | (5.7)      |
| Corporation tax - adjustments in respect of previous years | 0.2        | 0.2        |
| Total current tax charge                                   | (7.3)      | (5.5)      |
| Deferred tax - current year                                | 7.4        | 4.8        |
| Deferred tax - adjustments in respect of previous years    | (0.2)      | (1.0)      |
| Total tax charge   | (0.1)      | (1.7)      |

#### 4.2 Factors affecting tax charge in the year

The tax charge for the year is lower (2013: lower) than the standard corporation tax rate of 23.17% (2013: 24.33%). The differences are explained below:

|   | 2014<br>£m | 2013<br>£m |
|---|------------|------------|
| Profit on ordinary activities before tax  | 21.1       | 23.7       |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 23.17% (2012: 24.33%) | (4.9)      | (5.8)      |
| Effects of:   |            |            |
| Changes in tax rate   | 6.5        | 4.4        |
| Adjustment to current tax in respect of prior years   | 0.2        | 0.2        |
| Depreciation on assets not qualifying for tax relief  | (2.2)      | (2.0)      |
| Differences between accounting and tax base for land and buildings                                  | 0.7        | 0.6        |
| Adjustment to deferred tax in respect of prior years  | (0.2)      | 1.0        |
| Sundry disallowables  | (0.2)      | (0.1)      |
| Total tax charge  | (0.1)      | (1.7)      |

# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 4. Taxation (continued)

#### 4.3 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013: 23%).

The movement on the deferred accounts is shown below:

|                          | 2014<br>£m | 2013<br>£m |
|--------------------------|------------|------------|
| Opening liability        | (50.5)     | (54.3)     |
| Deferred tax restatement | 7.2        | 3.8        |
| Closing liability        | (43.3)     | (50.5)     |

The movements in deferred tax assets and liabilities during the year (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12 Income Taxes) are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle the balances net.

|                                 | Accelerated<br>tax<br>depreciation<br><br>£m | Capital<br>gains tax<br>on land<br>and<br>buildings<br><br>£m | Revaluation<br>of land and<br>buildings<br><br>£m | Rollover<br>gains<br><br>£m | Total<br><br>£m |
|---------------------------------|--|---|---|-----------------------------|-----------------|
| At 28 January 2012              | (36.9)                                       | (4.1)   | (3.4)   | (9.9)                       | (54.3)          |
| Credited to income<br>statement | 1.9  | 0.6   | 0.6   | 0.7                         | 3.8             |
| At 26 January 2013              | (35.0)                                       | (3.5)   | (2.8)   | (9.2)                       | (50.5)          |
| Credited to income<br>statement | 4.5  | 1.0   | 0.4   | 1.3                         | 7.2             |
| <b>At 25 January 2014</b>       | <b>(30.5)</b>                                | <b>(2.5)</b>  | <b>(2.4)</b>                                      | <b>(7.9)</b>                | <b>(43.3)</b>   |

The deferred tax liability due after more than one year is £43.3m (2013: £50.5m).

#### 4.4 Factors affecting tax charges in current and future years

The Finance Act 2013 reduced the main rate of corporation tax from 23% to 21% from 1 April 2014. Further reductions to reduce the main rate of corporation tax to 20% from 1 April 2015 have also been enacted.

The effect of the 3% rate change on the current year was to reduce the deferred tax liability by £6.5m (2013: £4.4m) with a £6.5m tax credit (2013: £4.4m tax credit) to the statement of comprehensive income.

# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 5. Investment properties

|                                 | Land and<br>buildings<br>£m | Assets in the<br>course of<br>construction<br>£m | Total<br>£m    |
|---------------------------------|-----------------------------|--|----------------|
| <b>Cost</b>                     |                             |  |                |
| At 26 January 2013              | 701.5                       | 0.1  | 701.6          |
| Additions                       | 3.8                         | 7.8  | 11.6           |
| Transfers                       | 7.7                         | (7.7)  | -              |
| Disposals                       | (1.2)                       | -  | (1.2)          |
| <b>At 25 January 2014</b>       | <b>711.8</b>                | <b>0.2</b>                                       | <b>712.0</b>   |
| <b>Accumulated Depreciation</b> |                             |  |                |
| At 26 January 2013              | (103.9)                     | -  | (103.9)        |
| Charge for the year             | (16.0)                      | -  | (16.0)         |
| Disposals                       | 0.1                         | -  | 0.1            |
| <b>At 25 January 2014</b>       | <b>(119.8)</b>              | <b>-</b>   | <b>(119.8)</b> |
| <b>Net book values:</b>         |                             |  |                |
| At 26 January 2013              | 597.6                       | 0.1  | 597.7          |
| <b>At 25 January 2014</b>       | <b>592.0</b>                | <b>0.2</b>                                       | <b>592.2</b>   |

Included above are land and buildings assets held under finance leases with a net book value of £1.1m (2013: £1.2m).

The fair value of investment property is estimated to be £653.6m (2013: £642.5m).

### 6. Investments in JLP Scottish Partnership

|  | £m          |
|--|-------------|
| <b>As at 25 January 2014 and 26 January 2013</b> | <b>53.6</b> |

John Lewis Properties plc has a 35% investment in JLP Scottish Partnership, a property holding partnership. JLP Scottish Partnership allocates and distributes income and capital to its partners in accordance with the Partnership Agreement. During the year the Company received income amounting to £1.0m (2013: £0.7m).

### 7. Trade and other receivables

|                   | 2014<br>£m | 2013<br>£m |
|-------------------|------------|------------|
| <b>Current:</b>   |            |            |
| Other receivables | 1.0        | 0.6        |
| Other taxation    | 0.2        | 0.2        |
|                   | <b>1.2</b> | <b>0.8</b> |

As of 25 January 2014 the Company had no impaired trade and other receivables and there were no amounts overdue (2013: nil).

### 8. Trade and other payables

|                 | 2014<br>£m | 2013<br>£m |
|-----------------|------------|------------|
| <b>Current:</b> |            |            |
| Other payables  | (0.3)      | (0.1)      |

# JOHN LEWIS PROPERTIES PLC

## Notes to the accounts (continued)

### 9. Finance lease liabilities

The minimum lease payments under finance leases fall due as follows:

|  | 2014<br>£m | 2013<br>£m |
|--|------------|------------|
| Not later than one year                    | 0.1        | 0.1        |
| Later than one year but not more than five | 0.3        | 0.3        |
| More than five years                       | 2.1        | 2.2        |
|  | 2.5        | 2.6        |
| Future finance charge on finance leases    | (1.0)      | (1.0)      |
| Present value of finance lease liabilities | 1.5        | 1.6        |
| Of which:                                  |            |            |
| Not later than one year                    | -          | -          |
| Later than one year but no more than five  | 0.1        | 0.1        |
| More than five                             | 1.4        | 1.5        |

### 10. Share Capital

|                                       | 2014<br>£m | 2013<br>£m |
|---------------------------------------|------------|------------|
| Equity:                               |            |            |
| Authorised and issued ordinary shares |            |            |
| 25,700,000 shares of £1 each          | 25.7       | 25.7       |

### 11. Lease Commitments

|  | 2014<br>£m | 2013<br>£m |
|--|------------|------------|
| Future aggregate minimum lease payments under non-cancellable operating leases, payable: |            |            |
| Within one year  | 3.8        | 3.1        |
| Later than one year and less than five years   | 14.8       | 12.2       |
| After five years   | 170.9      | 165.2      |

|  | 2014<br>£m | 2013<br>£m |
|--|------------|------------|
| Amounts payable after five years comprise the following: |            |            |
| Later than five years and less than ten years            | 18.5       | 15.3       |
| Later than ten years and less than twenty years          | 36.1       | 30.5       |
| Later than twenty years and less than forty years        | 38.3       | 39.7       |
| Later than forty years and less than eighty years        | 56.7       | 57.6       |
| After eighty years                                       | 21.3       | 22.1       |
|  | 170.9      | 165.2      |

Total future non group related sub-lease payments receivable relating to the above operating leases amounted to £2.5m (2013: £3.3m).

### 12. Directors and employees

The Directors are full time executives of John Lewis plc and no part of their remuneration relates to services to this Company. The Company had no employees during the year (2013: nil). All staff engaged in the service of the Company are employees of John Lewis plc. No charges were made for their services (2013: £nil).

# **JOHN LEWIS PROPERTIES PLC**

## **Notes to the accounts (continued)**

### **13. Parent Company**

John Lewis plc is the parent Company of the smallest group to consolidate the accounts of the Company. John Lewis Partnership plc, the Company's ultimate parent Company, is the parent Company of the largest group to consolidate these accounts. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the equity of John Lewis Partnership plc in trust for the benefit of the employees. All of these companies are registered in England and Wales. Copies of these accounts may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London, SW1P 1BX.

## JOHN LEWIS PROPERTIES PLC

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Margaret Casely-Hayford

Director of Legal Services and Company Secretary  
10 July 2014



# JOHN LEWIS PROPERTIES PLC

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES plc**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 25 January 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by John Lewis Properties plc, comprise:

- the balance sheet as at 25 January 2014;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# JOHN LEWIS PROPERTIES PLC

## OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Ranjan Sriskandan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 July 2014