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**JOHN LEWIS PROPERTIES plc**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the sixty-eighth annual general meeting of the company will be held at 12.10pm on 25 June 2003 at 171 Victoria Street, London SW1E 5NN:

To receive the directors' report and accounts for the year 2002/03.

To consider the re-election of retiring directors.

To consider the following resolution, Special Notice having been given of the intention to move the resolution as an Ordinary Resolution:

THAT PricewaterhouseCoopers LLP be reappointed auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the requirements of Subsection (1) of Section 241 of the companies Act 1985 are complied with and that their remuneration be fixed by the directors.

By order of the Board  
Terence Neville Secretary  
171 Victoria Street London SW1E 5NN  
30 April 2003

Following the decision to transfer their business with effect from 1 January 2003 to a limited liability partnership, PricewaterhouseCoopers ("PwC") resigned as Auditors of the Company and the Directors appointed PricewaterhouseCoopers LLP ("PwC LLP") as Auditors in their stead. Special Notice has been received under Section 379 of the Companies Act 1985 of a proposal to re-appoint PwC LLP as Auditors".

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

**JOHN LEWIS PROPERTIES plc**

**BOARD OF DIRECTORS**

**Chairman**

Sir Stuart Hampson

Ian Alexander

David Felwick

Nigel Keen

Howard King FRICS

Luke Mayhew

Michael Milner

**OFFICERS AND PROFESSIONAL ADVISERS**

**Company Secretary & Director of Legal Services**

Terence Neville

**Director of Financial Control**

Ros Haigh FCA

**Auditors**

PricewaterhouseCoopers LLP

**Solicitors**

Lovells

**Bankers**

Royal Bank of Scotland plc

**Registered office and Transfer office**

171 Victoria Street London SW1E 5NN

**Registered in England No. 303301**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2003**

**Directors**

The directors of the company are as listed on page 3. All directors served throughout the period under review, with the exception of Ian Alexander and David Felwick who were appointed as directors on 22 April 2002. David Young resigned as a director on 11 March 2002.

**Principal activity**

John Lewis Properties plc is primarily a property owning company and is a wholly owned subsidiary of John Lewis plc.

**Review of the business**

The company is a wholly owned subsidiary within the John Lewis Partnership plc group; a review of the group's activities is given in the statement by the Chairman of John Lewis Partnership plc, which is included within that company's report and accounts.

**Payments to suppliers**

The Partnership's policy for the payment of its suppliers is to agree terms of payment in advance and, provided a supplier fulfils the agreement, to pay promptly in accordance with those terms. Payments to suppliers are dealt with on a group basis and full details of the group's supplier payment practice are provided in the accounts of John Lewis plc.

**Use of profits**

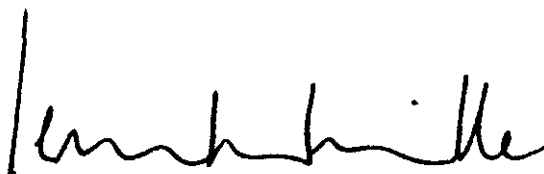
The share capital of the company is wholly owned by John Lewis plc. The profit for the year amounted to £1.5m and has been transferred to reserves. The directors do not recommend the payment of a dividend.

**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 companies.

There were no contracts during or at the end of the financial year in which the directors were materially interested and which were significant in relation to the company's business.

For and by order of the Board  
Terence Neville Secretary  
10 April 2003



**JOHN LEWIS PROPERTIES plc**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 JANUARY 2003**

	Notes	2003	2002
		£m	£m
<b>Rent receivable</b>	2	16.2	16.0
<b>Rent payable</b>	3	(3.6)	(3.4)
		12.6	12.6
Administrative expenses		(8.6)	(6.4)
<b>Trading profit</b>	2	4.0	6.2
Profit on disposal of property		0.3	-
Interest payable		-	-
<b>Profit on ordinary activities before taxation</b>	3	4.3	6.2
Tax on profit on ordinary activities	4	(2.8)	(3.4)
<b>Profit for the financial year</b>	10	1.5	2.8

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

<b>Profit for the financial year and total recognised gains for the year</b>	1.5	2.8
Prior year adjustment	-	(19.3)
<b>Total gains and losses recognised since last report and accounts</b>	1.5	(16.5)

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

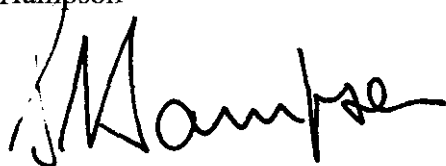
Reported profit on ordinary activities before taxation	4.3	6.2
Transfer from revaluation reserve	2.7	2.7
<b>Historical cost profit on ordinary activities before taxation</b>	7.0	8.9
<b>Historical cost profit for the financial year</b>	4.2	5.5

**JOHN LEWIS PROPERTIES plc**

**BALANCE SHEET AS AT 31 JANUARY 2003**

	Notes	2003	2002
		£m	£m
<b>Fixed assets</b>			
Tangible assets	5	<u>446.5</u>	<u>404.3</u>
<b>Current assets</b>			
Debtors	6	0.9	1.8
Amount owed by holding company		<u>92.1</u>	<u>129.0</u>
		93.0	130.8
<b>Creditors</b>			
Amounts falling due within one year	7	<u>(6.2)</u>	<u>(5.6)</u>
<b>Net current assets</b>		<u>86.8</u>	<u>125.2</u>
<b>Total assets less current liabilities</b>		<u>533.3</u>	<u>529.5</u>
<b>Provisions for liabilities and charges</b>	8	<u>(22.7)</u>	<u>(20.4)</u>
<b>Net assets</b>		<u><u>510.6</u></u>	<u><u>509.1</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	25.7	25.7
Share premium account	10	1.2	1.2
Revaluation reserve	10	218.4	221.1
Profit and loss account	10	<u>265.3</u>	<u>261.1</u>
<b>Total shareholders' funds</b>		<u><u>510.6</u></u>	<u><u>509.1</u></u>

Approved by the Board on 10 April 2003  
Sir Stuart Hampson



# **JOHN LEWIS PROPERTIES plc**

## **NOTES TO THE ACCOUNTS**

### **1. Accounting policies**

#### **Accounting convention**

The accounts are prepared under the historical cost convention, with the exception of certain land and buildings which are included at valuation, and in accordance with applicable accounting standards.

#### **Property valuation**

The Company's freehold and long leasehold department store properties were last valued by the directors, after consultation with Hillier Parker, Chartered Surveyors, at 31 December 1999, on the basis that each property is regarded as available for existing use in the open market. On adoption of FRS 15, the Company followed the transitional provision to retain the book value of land and buildings revalued in 1999, together with certain amenity properties carried in the accounts at their 1988 valuation, and decided not to adopt a policy of revaluation for the future. These values are retained, subject to the requirement to test for impairment, in accordance with FRS 11. Distribution properties are carried at depreciated historical cost.

No depreciation is charged on freehold land, leasehold land with over 100 years to expiry, and assets in the course of construction. Depreciation is calculated for all other assets in equal annual instalments at the following rates:-

Freehold and long leasehold buildings - 2% to 4%

Other leaseholds - over the remaining period of the lease

Buildings fixtures - 2.5% to 10%

Fixtures and fittings - 10% to 33%

#### **Leased assets**

Rentals payable under operating leases are charged to the profit and loss account as incurred.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, with the exception of gains that would arise if properties were sold at their revalued amounts. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **2. Analysis of turnover and trading profit**

John Lewis Properties plc acts as a property holding company of the department store division of the John Lewis Partnership group. The business is carried on in the United Kingdom. Turnover and trading profit derive from continuing operations, there having been no discontinued operations or acquisitions in the year.

**JOHN LEWIS PROPERTIES plc**

**NOTES TO THE ACCOUNTS**

**3. Profit on ordinary activities before taxation**

	2003 £m	2002 £m
Profit on ordinary activities before taxation is stated after charging the following:		
Depreciation	8.6	6.4
Operating lease rentals - land and buildings	3.6	3.4

Auditors' remuneration in the year was £11,300 (2002 £11,300).

**4. Tax on profit on ordinary activities**

	2003 £m	2002 £m
Analysis of tax charge:		
Corporation tax based on the profits for the year	-	2.0
Group relief - this year	1.0	-
Corporation tax - prior years	(0.5)	0.3
Total current tax charge	0.5	2.3
Deferred tax - origination and reversal of timing differences	2.3	1.1
	2.8	3.4

The tax charge is based on a corporation tax rate of 30% (2002 30%).

Factors affecting tax charge for the year:

Profit on ordinary activities before tax	4.3	6.2
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2002 30%)	1.3	1.9
Effects of:		
Capital allowance (in excess of)/ less than depreciation	(0.3)	0.1
Non taxable receipts	-	-
Adjustment for prior periods	(0.5)	0.3
Current tax charge for the year	0.5	2.3



**JOHN LEWIS PROPERTIES plc**

**NOTES TO THE ACCOUNTS**

**5. Tangible fixed assets**

	Land and buildings £m	Fixtures and fittings £m	Assets in the course of construction £m	Total £m
Cost or valuation				
At 31 January 2002	395.8	1.4	28.6	425.8
Additions at cost	6.8	-	44.1	50.9
Transfers	62.1	(1.4)	(62.1)	(1.4)
At 31 January 2003	464.7	-	10.6	475.3
At cost	120.4	-	10.6	131.0
At valuation 1988	20.9	-	-	20.9
At valuation 2000	323.4	-	-	323.4
At 31 January 2003	464.7	-	10.6	475.3
Depreciation				
At 31 January 2002	20.2	1.3	-	21.5
Charge for the year	8.6	-	-	8.6
Transfers	-	(1.3)	-	(1.3)
At 31 January 2003	28.8	-	-	28.8
Net book values at:				
31 January 2002	375.6	0.1	28.6	404.3
31 January 2003	435.9	-	10.6	446.5
			2003 £m	2002 £m
Land and buildings at cost or valuation				
Freehold property			259.4	252.5
Leasehold property, 50 years or more unexpired			199.5	137.5
Leasehold property, less than 50 years unexpired			5.8	5.8
			464.7	395.8

In 1988 Hillier Parker, chartered surveyors, valued most of the Partnership's freehold and long leasehold properties. This valuation was on the basis of existing use value. At 31 December 1999, the directors, after consultation with Hillier Parker, revalued the Partnership's department store properties on the same basis, and this valuation was incorporated into the accounts as at 31 January 2000.

**JOHN LEWIS PROPERTIES plc**

**NOTES TO THE ACCOUNTS**

**5. Tangible fixed assets (continued)**

All distribution properties are stated at depreciated historical cost. Certain amenity properties, which represent 4% of the company's total gross property assets, are carried in the accounts at their 1988 valuation, which was carried out by external valuers, depreciated as appropriate.

On adoption of FRS 15 the Partnership followed the transitional provisions to retain the book value of land and buildings revalued in 1999 and 1988, and decided not to adopt a policy of revaluation for the future. These values are retained subject to the requirement to test for impairment, in accordance with FRS 11.

Included in land and buildings at 31 January 2003 is land valued at £110.2m which is not subject to depreciation. At 31 January 2003 land and buildings would have been included at the following amounts, if they had not been revalued:

	2003 £m	2002 £m
Cost	260.4	191.5
Accumulated depreciation	(42.9)	(37.0)
	<u>217.5</u>	<u>154.5</u>

**6. Debtors**

Amounts falling due within one year:

Other debtors	0.6	1.8
Corporation tax	0.3	-
	<u>0.9</u>	<u>1.8</u>

**7. Creditors**

Amounts falling due within one year:

Corporation tax	-	1.7
Accruals and deferred income	0.8	0.7
Other creditors	5.4	3.2
	<u>6.2</u>	<u>5.6</u>

**JOHN LEWIS PROPERTIES plc**

**NOTES TO THE ACCOUNTS**

**8. Provisions for Liabilities and Charges**

	Deferred Tax £m
At 31 January 2002	20.4
Charged to profit and loss account	<u>2.3</u>
At 31 January 2003	<u>22.7</u>

The whole of the deferred tax provision relates to accelerated capital allowances. No provision has been made in these accounts for the liability to taxation of £17.4m (£20.4m) on capital gains, which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

**9. Share Capital**

	2003 £m	2002 £m
Equity		
Authorised, issued and fully paid Ordinary Shares of £1 each	<u>25.7</u>	<u>25.7</u>

**10. Reserves**

	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total reserves £m
At January 2002	1.2	221.1	261.1	483.4
Profit for the financial year	-	-	1.5	1.5
Transfers	-	(2.7)	2.7	-
At 31 January 2003	<u>1.2</u>	<u>218.4</u>	<u>265.3</u>	<u>484.9</u>

**11. Reconciliation of movements in shareholders' funds**

	2003 £m	2002 £m
Profit for the financial year	<u>1.5</u>	<u>2.8</u>
Net additions to shareholders' funds	1.5	2.8
Opening shareholders' funds	509.1	506.3
Closing shareholders' funds	<u>510.6</u>	<u>509.1</u>

## **JOHN LEWIS PROPERTIES plc**

### **NOTES TO THE ACCOUNTS**

#### **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 period. All staff engaged in the service of the company are employees of John Lewis plc. No charges were made for their services.

#### **13. Commitments**

At 31 January 2003 contracts had been placed for future capital expenditure of £38.0m (2002 £37.6m), which have not been provided for in these accounts.

#### **14. Lease commitments**

	2003 £m	2002 £m
Rents of land and buildings for the next financial year on operating leases expiring:		
Between 1 and 5 years	0.1	0.1
Over 5 years	<u>3.7</u>	<u>3.4</u>

#### **15. Cash flow statement**

A consolidated cash flow statement has been included in the accounts of the parent company which include the accounts of John Lewis Properties plc. Accordingly, as permitted by FRS1, no cash flow statement is presented in these accounts.

#### **16. Related party transactions**

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" as the accounts of John Lewis plc and John Lewis Partnership plc, in which the company is consolidated, are publicly available.

#### **17. 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. Copies of these accounts may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

**DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS**

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that period. In preparing the financial statements suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made. Relevant accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The directors, having made enquiries, consider that the company has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

## **JOHN LEWIS PROPERTIES plc**

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

We have audited the financial statements of John Lewis Properties plc which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out in note 1.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of presentation of information in the financial statements.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
10 April 2003

1 Embankment Place  
London WC2N 6RH