

303301

JOHN LEWIS PROPERTIES plc

Report and Accounts 1996



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-first annual general meeting of the company will be held at 12 noon on 19th June 1996 at 171 Victoria Street, London SW1E 5NN:

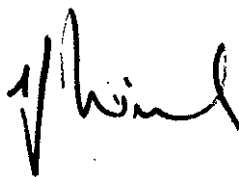
To receive the directors' report and accounts for the year 1995/96.

To consider the re-election of retiring directors.

To consider the re-appointment of the auditors.

To consider the remuneration of the auditors.

By order of the Board
B J Pritchard Secretary
171 Victoria Street London SW1E 5NN
8th May 1996



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.

BOARD OF DIRECTORS

Chairman	S Hampson MA
Deputy chairman	D E Young BA
	J B G Carpenter FRICS
	H M J King FRICS
	C L Mayhew MSc
	M M Milner BA

OFFICERS AND PROFESSIONAL ADVISERS

Secretary	B J Pritchard ACIS
Chief accountant	R M Haigh BSc FCA
Legal adviser	T F Neville
Auditors	Price Waterhouse
Solicitors	Lovell White Durrant
Bankers	National Westminster Bank Plc
Registered office and Transfer office	171 Victoria Street London SW1E 5NN

Registered in England No. 303301

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JANUARY 1996

Directors

The directors of the company are as listed on page 3. All directors served throughout the period under review.

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.

Fixed assets

Changes to tangible fixed assets of the company are set out in note 5.

Use of profits

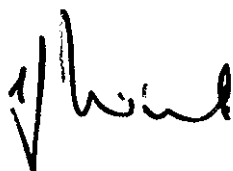
The share capital of the company is wholly owned by John Lewis plc. The profit for the year amounted to £7.1m and has been added to reserves. The directors do not recommend the payment of a dividend.

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
B J Pritchard Secretary
18th April 1996*



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST JANUARY 1996**

Notes		1996 £m	1995 £m
2	Rent receivable	15.6	15.5
2	Rent payable	(3.0)	(3.0)
		<hr/>	<hr/>
	Administrative expenses	12.6 (3.5)	12.5 (3.7)
		<hr/>	<hr/>
2	Trading profit	9.1	8.8
	Interest payable	(0.3)	—
		<hr/>	<hr/>
3	Profit on ordinary activities before taxation	8.8	8.8
4	Tax on profit on ordinary activities	(1.7)	(3.2)
		<hr/>	<hr/>
9	Profit for the financial year	7.1	5.6
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

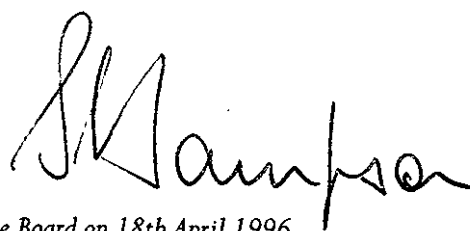
	Profit for the financial year	7.1	5.6
9	Unrealised surplus/(deficit) on revaluation of department store properties	23.6	(1.1)
		<hr/>	<hr/>
	Total recognised gains and losses for the year	30.7	4.5
		<hr/> <hr/>	<hr/> <hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	8.8	8.8
Transfer from revaluation reserve	3.1	1.9
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	11.9	10.7
	<hr/>	<hr/>
Historical cost profit for the financial year	10.2	7.5
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET AS AT 31ST JANUARY 1996

Notes		1996 £m	1995 £m
	Fixed assets		
5	Tangible assets	322.8	301.9
	Current assets		
6	Debtors	0.3	0.3
	Amount owed by holding company	151.3	122.6
		151.6	122.9
	Creditors		
7	Amounts falling due within one year	(5.7)	(3.7)
	Net current assets	145.9	119.2
	Total assets less current liabilities	468.7	421.1
	Creditors		
7	Amounts falling due after more than one year	(16.9)	—
	Net assets	451.8	421.1
	Capital and reserves		
8	Called up share capital	25.7	25.7
9	Share premium account	1.2	1.2
9	Revaluation reserve	182.0	161.5
9	Profit and loss account	242.9	232.7
	Total shareholders' funds	451.8	421.1



Approved by the Board on 18th April 1996
S Hampson

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 valuations, which are performed annually and principally relate to department store properties, are made on the basis that each property is regarded as available for existing use in the open market. The surplus or deficit arising on the revaluation of properties is taken to the revaluation reserve. Distribution properties are carried at depreciated historical cost.

Depreciation

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 — 1% to 4%

Other leaseholds — over the remaining period of the lease

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

Provision for deferred taxation is only made where there is a reasonable probability of a liability crystallising in the foreseeable future.

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.

3 Profit on ordinary activities before taxation

	1996 £m	1995 £m
Profit on ordinary activities before taxation is stated after charging the following:		
Depreciation	3.8	3.7
Operating lease rental of land and buildings	3.0	3.0

Auditors' remuneration in the year was £10,000 (£10,000).

4 Tax on profit on ordinary activities

Corporation tax based on the profit for the year	1.7	3.3
Corporation tax - previous years	—	(0.1)
	1.7	3.2

The tax charge is based on a corporation tax rate of 33% (33%) and has been reduced by £0.5m (£0.6m) as a result of capital allowances in excess of depreciation.

Total taxation deferred and unprovided in respect of capital allowances in excess of depreciation amounts to £19.2m (£18.6m) based on corporation tax at 33% (33%).

No provision has been made in these accounts for the liability to taxation of £11.8m (£12.8m) 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.

NOTES TO THE ACCOUNTS *continued*

5 Tangible fixed assets

	<i>Land and buildings £m</i>	<i>Fixtures and fittings £m</i>	<i>Total £m</i>
Cost or valuation			
At 31st January 1995	307.8	1.3	309.1
Additions at cost	3.6	0.1	3.7
Disposals	(2.6)	—	(2.6)
Revaluation adjustments	19.1	—	19.1
At 31st January 1996	327.9	1.4	329.3
At cost	25.6	1.4	27.0
At valuation 1988	20.9	—	20.9
At valuation 1996	281.4	—	281.4
At 31st January 1996	327.9	1.4	329.3
Depreciation			
At 31st January 1995	6.1	1.1	7.2
Charges for the year	3.7	0.1	3.8
Disposals	—	—	—
Revaluation adjustments	(4.5)	—	(4.5)
At 31st January 1996	5.3	1.2	6.5
Net book values at 31st January 1995	301.7	0.2	301.9
Net book values at 31st January 1996	322.6	0.2	322.8

	<i>1996 £m</i>	<i>1995 £m</i>
Land and buildings at cost or valuation:		
Freehold property	211.4	194.5
Leasehold property, 50 years or more unexpired	110.9	107.6
Leasehold property, less than 50 years unexpired	5.6	5.7
	327.9	307.8

In 1988 Hillier Parker, chartered surveyors, valued most of the Partnership's freehold and long leasehold properties. This valuation was on the basis of open market value for existing use. At 31st December 1995, the directors, after consultation with Hillier Parker, revalued the Partnership's department store properties on the same basis, and this valuation has been incorporated into the accounts as at 31st January 1996. The £23.6m surplus arising from this revaluation has been credited to revaluation reserve.

NOTES TO THE ACCOUNTS *continued***5 Tangible fixed assets** *(continued)*

All distribution properties are stated at depreciated historical cost. Certain amenity properties, which represent less than 7% 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.

Included in land and buildings at 31st January 1996 is land valued at £55.0m, which is not subject to depreciation. At 31st January 1996 land and buildings would have been included at the following amounts, if they had not been revalued:

	1996	1995
	£m	£m
Cost	164.2	162.4
Accumulated depreciation	(23.6)	(22.2)
	<u>140.6</u>	<u>140.2</u>

6 Debtors

Amounts falling due within one year:

Prepayments and accrued income	<u>0.3</u>	<u>0.3</u>
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7 Creditors

Amounts falling due within one year:

Loans	3.5	—
Corporation tax	1.7	3.2
Other creditors	0.5	0.5
	<u>5.7</u>	<u>3.7</u>

Amounts falling due after more than one year:

Due between 1 and 2 years		
- Loans	3.7	—
Due between 2 and 5 years		
- Loans	13.2	—
	<u>16.9</u>	<u>—</u>

Included within creditors is a loan balance of £20.4 million. During the year the company entered into an arrangement to assign certain rental income to a third party. This arrangement has been reflected in these accounts as a financing transaction.

8 Share capital

Equity

Authorised, issued and fully paid Ordinary Shares of £1 each	<u>25.7</u>	<u>25.7</u>
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NOTES TO THE ACCOUNTS *continued***9 Reserves**

	<i>Share premium £m</i>	<i>Revaluation reserve £m</i>	<i>Profit and loss account £m</i>	<i>Total reserves £m</i>
At 31st January 1995	1.2	161.5	232.7	395.4
Transfers	—	(3.1)	3.1	—
Profit for the financial year	—	—	7.1	7.1
Revaluation surplus	—	23.6	—	23.6
At 31st January 1996	1.2	182.0	242.9	426.1

10 Reconciliation of movements in shareholders' funds

	<i>1996 £m</i>	<i>1995 £m</i>
Profit for the financial year	7.1	5.6
Revaluation surplus/(deficit)	23.6	(1.1)
Net addition to shareholders' funds	30.7	4.5
Opening shareholders' funds	421.1	416.6
Closing shareholders' funds	451.8	421.1

11 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.

12 Commitments

At 31st January 1996, the directors had authorised capital expenditure of £0.5m (£1.2m), of which contracts had been placed for £nil (£0.1m)

13 Lease commitments

Rentals of land and buildings for the next financial year on operating leases expiring:

Within 1 year	—	0.1
Between 1 and 5 years	0.2	0.2
Over 5 years	3.0	2.9

NOTES TO THE ACCOUNTS *continued*

14 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.

15 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. Both of these companies are registered in England.

Copies of these group 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.

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

We have audited the financial statements of John Lewis Properties plc set out on pages 5 to 11 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company as at 31st January 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY
18th April 1996