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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-seventh annual general meeting of the company will be held at 12.15pm on 21st June 1995 at 171 Victoria Street, London SW1:

To receive the directors' report and accounts for the year 1994/95.

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
17th May 1995

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 of the company, but a proxy who is not a member has only the rights conferred by section 372(2) and section 373(2) of the Companies Act, 1985. To be effective, a proxy form must reach the company's registered office not later than forty-eight hours before the time for holding the meeting. For the convenience of members a form of proxy is enclosed.

BOARD OF DIRECTORS

Chairman	S Hampson MA
Deputy chairman	D E Young BA
	I D Alexander BA
	W N Wreford-Brown
	J B G Carpenter FRICS
	D R Cloake BSc (Econ)
	P Falconer BA
	D L Felwick
	C L Mayhew MSc
	B A O'Callaghan

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. 233462

SUMMARY OF RESULTS FOR THE YEAR ENDED 28TH JANUARY 1995

	1995 £m	1994 £m
Turnover (including VAT)	2,575.5	2,420.0
Trading profit	141.4	116.5
Interest	(24.5)	(23.3)
Profit before Partnership bonus and taxation	116.9	93.2
Taxation	(22.5)	(16.2)
Dividends	(0.3)	(0.3)
Balance available for profit sharing and retention in the business	94.1	76.7
Partnership bonus	(43.1)	(34.5)
Retained in the business for development	51.0	42.2
Net assets employed at the year end	859.8	806.7
Numbers of employees (weighted for part-timers)	30,200	29,800
Number of shops – Department stores	22	22
– Supermarkets	111	108

FIVE YEAR RECORD

	Years ended January				
	1995 £m	1994 £m	1993* £m	1992 £m	1991 £m
Turnover (including VAT)	2,575.5	2,420.0	2,357.3	2,280.4	2,159.2
Profit before pension costs	159.4	134.1	111.9	111.4	120.3
Pension costs	(18.0)	(17.6)	(16.1)	(11.3)	(10.5)
Interest	(24.5)	(23.3)	(24.4)	(22.8)	(18.4)
Profit before Partnership bonus and taxation	116.9	93.2	71.4	77.3	91.4
Taxation	(22.5)	(16.2)	(9.0)	(8.3)	(12.6)
Dividends	(0.3)	(0.3)	(0.3)	(0.4)	(0.3)
Net profit available for profit sharing and retention in the business	94.1	76.7	62.1	68.6	78.5
Partnership bonus	(43.1)	(34.5)	(28.2)	(30.2)	(36.6)
As a percentage of ranking pay	12	10	8	9	12
Retained in the business	51.0	42.2	33.9	38.4	41.9
Net assets employed	859.8	806.7	779.6	745.7	706.0
Pay	351.8	335.3	338.4	323.6	298.7
Number of employees	39,600	38,800	39,300	40,200	39,800
including part-time employees	15,200	14,700	15,000	15,400	15,200

* 53 week year.

The five year record has been restated as if FRS3 'Reporting Financial Performance' had been applicable throughout the period covered by the summary.

STATEMENT BY THE CHAIRMAN

Profit before Partnership Bonus and taxation moved above £100m for the first time since 1989/90 and at £117m was 25% ahead of last year. Against a relatively subdued economic background, that is a most pleasing result and just the sort of recovery we have been working to achieve. It has allowed the Board, after making prudent retentions for the future, to declare a profit share in the form of Partnership Bonus at 12% of pay.

Partnership sales at £2,576m were 6½% up on last year. In our department store division sales were 6 % ahead - a very creditable outcome given that there was no increase in space and that inflation was negligible in the goods we sell. After a strong first half, the increase in interest rates in September (the first for four years) slowed progress, but a powerful Christmas and Clearance rounded the year off on a high note. Although we have not added to our trading floor-space, much progress has been achieved in improved use of technology and distribution efficiencies, and these show through in higher sales per Partner as well as in better cost ratios.

For Waitrose the sales pattern was the reverse of that for department stores, with a first half increase of 4% followed by 10% in the second half. With low inflation, this was a significant increase and meant Waitrose was recapturing market share. Three major factors contributed to this lift in sales. Firstly, we were progressively installing point-of-sale scanning throughout the division and, at the same time, introducing a number of changes into existing branches; these included widening the assortment, particularly of non-foods, elements of refurbishment and signage and the introduction of third party credit. The programme has been completed since the year-end with the conversion of the last branch during March. Secondly, following the change in the law, Waitrose began trading on Sundays from the beginning of September in about twenty of the larger branches and almost all Waitrose shops were also open on the two Sundays before Christmas. The results have been sufficiently encouraging for us to bring forward plans to extend Sunday trading to a further group of about twenty branches. The third factor was that, apart from Abingdon in the first half, the opening of new branches was concentrated into the second half year, with new shops at Beckenham, Southend and Finchley and relocation of our existing branches at Godalming and Henley. Trading in the early weeks of these branches has been uniformly encouraging and well up to our expectations. Southend deserves special mention: it is a new supercentre format, double the size of a modern standard Waitrose and incorporating a wide range of non-food drawn from the department store assortment, with an emphasis on Jonelle merchandise; it also incorporates a petrol station, post office and pharmacy and a customer restaurant. Work is now in hand on a second "Food & Home" store in Salisbury, expected to open in early 1997.

Trading profit for the department store division at £112m showed a splendid 26% increase on the previous year. We again received substantial rates rebates relating to prior years, but as the amount was similar to that in 1993, the percentage lift in profit is a fair reflection of underlying progress. In a fiercely competitive environment, the buying teams did very well indeed to hold gross margin without any weakening of our reputation for offering outstanding value. Our straightforward and constant commitment to being "never knowingly undersold" continues to contrast starkly with the confusing and intermittent bargain claims of some High Street competitors, and I believe this remains a great source of strength for the Partnership. A major contribution to profit

STATEMENT BY THE CHAIRMAN *continued*

growth was very tight control of costs, reflecting in part the fruit of investment in systems designed to reduce overhead and distribution costs. The manufacturing units form part of the department store division, and there were particularly pleasing profit increases on the textiles' side at Stead McAlpin, Herbert Parkinson and J H Birtwistle.

The Waitrose divisional profit of £29m showed a more modest improvement of 7%, in line with sales growth. It is, however, of real significance that the decline in Waitrose profit has now been halted. One-off costs associated with scanning and the change to regional composite distribution, which is also now substantially complete, took a toll on profitability, although gross margin was again held.

Capital expenditure for the year was ahead of 1993 at £121m (£107m). Retentions of £51m and depreciation of £57m covered most of this, but average net borrowings increased to £276m. The net interest charge rose in consequence by about £1m, but interest cover improved to nearly six times and year-end gearing at 25% was lower than January 1994 (31%). In the course of the year we negotiated a five-year revolving credit facility for £140m, replacing a previous facility which had been due to expire in June 1995.

Plans for the current year include new Waitrose supermarkets at Monmouth and Reading and the relocation of our Cirencester branch. A number of extensions to existing branches are also being undertaken.

Our new department store to the south of Manchester at Cheadle is well advanced and is due to open in October. It will fill a long-felt gap in our coverage of the United Kingdom. We continue to pursue other possibilities to take our distinctive style of trading to parts of the country where the Partnership is unrepresented and which, therefore, offer good scope for sales and profit growth based on our well-tried formula.

After eleven weeks of the current trading year, department store sales are up 4% and Waitrose by 13%. As the year progresses Waitrose will face higher corresponding figures from last year, but I am most encouraged by progress to date. For department stores, all the evidence is of a cautious consumer, and the prospect of further increases in interest rates does not look likely to make life any easier. Nonetheless, I am confident that we will be able to bear down further on costs, both in the branches and in our head offices, and that we should be able to keep our profit moving ahead again this year.

S Hampson
Chairman
20th April 1995

DIRECTORS' REPORT FOR THE YEAR ENDED 28TH JANUARY 1995

Directors

The directors of the company at the date of this report are listed on page 3. All directors served throughout the period under review.

Principal activity

The company controls the businesses listed on page 25 comprising 22 department stores, 111 Waitrose supermarkets and ancillary manufacturing activities.

Employees

The company is the principal trading subsidiary of John Lewis Partnership plc, the latter being the principal holding company under trusts set up in 1929 and 1950 to implement the constitution of the John Lewis Partnership. Among other things those trusts and the constitution provide employees of this company annually with a share of all the profits of the business in proportion to the pay of each individual; the constitution also provides for their constant and effective involvement in its affairs through elected councils and elected membership of the board of the John Lewis Partnership plc. There is full, prompt and regular information on all aspects through extensive weekly journalism, as well as wide ranging communication and exchange of opinion, written and oral, through councils, committees, journalism and immediate management. Detailed explanations of financial results are given at intervals through the year in local units and for the John Lewis Partnership as a whole, including full analysis and council debate on the annual report and accounts of the holding company. John Lewis plc maintained that constitution in the course of the year.

The company recruits disabled people for suitable vacancies and provides for such staff appropriate training and careers. Where disability occurs during the period of employment every effort is made to continue to provide suitable employment with the provision of appropriate training.

Corporate Governance

The directors have considered the application of the Cadbury Committee's 'Code of Best Practice'. The Company does not, of course, have equity shares listed on the Stock Exchange and the ownership structure and written Constitution of the Partnership do not make it practicable to comply in detail with the 'Cadbury Code'. The following information is relevant in this context.

The John Lewis Partnership is beneficially owned by its employees (Partners), who are the equivalent of shareholders in a conventional company.

The Partnership has since 1929 operated under a Constitution which encourages the widest possible sharing of gain, knowledge and power by all Partners whilst also prescribing the business's responsibilities to its suppliers, its customers and the community in which it operates. The systems of accountability laid down in the Partnership's Articles, Rules and Regulations conform with the spirit of the Code of Best Practice but are framed to suit the unique democratic ownership structure of the Partnership.

Principal authority in the affairs of the Partnership is divided between the Chairman, the Board of John Lewis Partnership plc (the Central Board) and the elected Central Council. The Central Council nominates five of the twelve members of the Central Board. Elected councils at local branch as well as central level provide regular opportunity for management to be held accountable to Partners; Councils receive regular reports by directors and have an opportunity to follow these up with questions on any subject, whilst an open system of journalism both contributes to this process of accountability and provides the means of sharing information extensively with all Partners.

A booklet containing details of how these systems operate is obtainable from the Company Secretary.

DIRECTORS' REPORT FOR THE YEAR ENDED 28TH JANUARY 1995 *continued*

Properties

The Partnership's freehold and long leasehold department store properties were valued by the directors at 31st December 1994 on the basis of open market value for existing use. This valuation has been incorporated in the balance sheets at 28th January 1995, resulting in a surplus of £2.1m which has been credited to the revaluation reserve.

The group's supermarket and distribution properties are stated at depreciated historical cost. The directors are satisfied that the current market value of these properties is not materially different from their carrying value, as at 28th January 1995.

Use of profits

Preference dividends absorbed £89,250 and an interim dividend of £200,000 has been paid on the Ordinary Shares leaving £50,999,000 to be added to reserves.

Review of the business

A review of the business and of future developments is included in the Chairman's statement.

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.

Substantial shareholdings

As at 20th April 1995 the Company has been notified of the following interests in its preference shares, these interests being recorded in the register maintained under the provisions of Section 211 of the Companies Act 1985.

5% First Cumulative Preference	% of Class
John Lewis Partnership plc	80.97%
Twenty-Nine Gracechurch Street Nominees Limited (Provincial Insurance Plc)	6.67%
The Prudential Assurance Company Limited	7.53%

7% Cumulative Preference	% of Class
J H M MacGowan	3.6%
John Lewis Partnership plc	75.59%
Twenty-Nine Gracechurch Street Nominees Limited (Provincial Insurance Plc)	3.33%
The Investment Company plc	6.94%

Charitable donations

The group donated £700,000 for charitable purposes during the year but made no political donations.

For and by order of the Board
B J Pritchard Secretary
20th April 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH JANUARY 1995

Notes		1995 £m	1994 £m
2	**Turnover**	2,575.5	2,420.0
	Value added tax	(253.1)	(236.1)
		2,322.4	2,183.9
	Cost of sales	(1,619.3)	(1,527.0)
	Gross profit	703.1	656.9
	Selling and distribution costs	(483.8)	(462.2)
	Administrative costs	(59.9)	(60.6)
3	Pension costs	(18.0)	(17.6)
2	**Trading Profit**	141.4	116.5
4	Net interest payable	(24.5)	(23.3)
	Profit before Partnership bonus and taxation	116.9	93.2
	Partnership bonus	(43.1)	(34.5)
5	**Profit on ordinary activities before taxation**	73.8	58.7
6	Tax on profit on ordinary activities	(22.5)	(16.2)
7	**Profit for the financial year**	51.3	42.5
8	Dividends (including non equity interests)	(0.3)	(0.3)
17	**Profit retained**	51.0	42.2

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Profit for the financial year	51.3	42.5
17	Unrealised surplus on revaluation of department store properties	2.1	2.1
	Reversal of prior years' revaluation surplus on supermarket and other properties	–	(17.2)
	Total recognised gains and losses for the year	53.4	27.4

There is no material difference between reported profits and profits on a historical cost basis.

CONSOLIDATED BALANCE SHEET AS AT 28TH JANUARY 1995

Notes		1995 £m	1994 £m
	Fixed Assets		
11	Tangible assets	1,002.5	941.8
	Current assets		
13	Stocks	213.5	194.7
14	Debtors	255.1	199.1
	Cash at bank and in hand	2.7	20.2
		471.3	414.0
	Creditors		
15	Amounts falling due within one year	(356.7)	(299.1)
	Net current assets	114.6	114.9
	Total assets less current liabilities	1,117.1	1,056.7
	Creditors		
15	Amounts falling due after more than one year	(257.3)	(250.0)
	Net assets	859.8	806.7
	Capital and reserves		
16	Called up share capital – equity	6.8	6.8
	– non equity	2.2	2.2
17	Share premium account	1.9	1.9
17	Revaluation reserve	132.2	134.9
17	Capital reserve	1.4	1.4
17	Profit and loss account - accumulated profit	715.3	659.5
	Total shareholders' funds	859.8	806.7

Approved by the Board on 20th April 1995
S Hampson

BALANCE SHEET AS AT 28TH JANUARY 1995

Notes		1995 £m	1994 £m
	Fixed Assets		
11	Tangible assets	277.9	267.9
12	Investments in subsidiary undertakings	323.9	271.4
		601.8	539.3
	Current assets		
13	Stocks	135.3	125.6
14	Debtors	229.6	175.5
	Cash at bank and in hand	1.1	18.0
		366.0	319.1
	Creditors		
15	Amounts falling due within one year	(439.6)	(372.9)
	Net current liabilities	(73.6)	(53.8)
	Total assets less current liabilities	528.2	485.5
	Creditors		
15	Amounts falling due after more than one year	(250.0)	(250.0)
	Net assets	278.2	235.5
	Capital and reserves		
16	Called up share capital – equity	6.8	6.8
	– non equity	2.2	2.2
17	Share premium account	1.9	1.9
17	Revaluation reserve	3.1	–
17	Profit and loss account - accumulated profit	264.2	224.6
	Total shareholders' funds	278.2	235.5

Approved by the Board on 20th April 1995
S Hampson

S Hampson

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 28TH JANUARY 1995

Notes		1995 £m	1994 £m
19	**Net cash inflow from operating activities**	166.1	134.4
	Returns on investments and servicing of finance		
	Interest received	4.4	2.8
	Interest paid	(28.2)	(26.5)
	Interest element of finance lease rental payments	(0.5)	–
	Dividends paid	(0.3)	(0.3)
	Net cash outflow from returns on investments and servicing of finance	(24.6)	(24.0)
	Corporation tax paid	(23.9)	(13.9)
	Investing activities		
	Purchases of tangible fixed assets	(111.0)	(106.5)
	Sales of tangible fixed assets	5.5	2.8
	Purchase of call option	(38.5)	–
	Net cash outflow from investing activities	(144.0)	(103.7)
	Net cash outflow before financing	(26.4)	(7.2)
	Financing		
	Repayment of debentures	–	(6.1)
	Capital element of finance leases repaid	(1.5)	–
20	**Net cash outflow from financing**	(1.5)	(6.1)
21	**Decrease in cash and cash equivalents**	(27.9)	(13.3)

NOTES ON THE ACCOUNTS

1 Accounting policies

Accounting convention and basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and all its subsidiary undertakings. 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.

Turnover

Turnover is the amount receivable by the group for goods and services supplied to customers, including VAT.

Stock valuation

Stock is stated at the lower of cost, which is generally computed on the basis of selling price less the appropriate trading margin, or net realisable value.

Pension costs

The cost of providing retirement benefits is recognised in the profit and loss account so as to spread it over employees' working lives. The contributions are assessed in accordance with the advice of a qualified actuary. Any funding surpluses or deficits are amortised over the average remaining employees' service life.

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. Department store additions are carried at cost until they reach full trading potential. The surplus or deficit arising on the revaluation of properties is taken to revaluation reserve. Supermarket and distribution properties are carried at depreciated historical cost.

Depreciation

No depreciation is charged on freehold and long (over 100 years) leasehold land. 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

Assets used by the Group which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors. 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 payment in the foreseeable future.

Goodwill

Goodwill arising on the acquisition of subsidiaries is written off to reserves at the time of acquisition.

2 Divisional analysis of turnover and trading profit

	Turnover		*Trading Profit*	
	1995 *£m*	*1994* *£m*	*1995* *£m*	*1994* *£m*
Department stores	*1,346.5*	*1,269.8*	*112.4*	*89.5*
Supermarkets	*1,229.0*	*1,150.2*	*29.0*	*27.0*
	2,575.5	*2,420.0*	*141.4*	*116.5*

The Partnership is principally engaged in the business of retailing in department stores and supermarkets, and also operates some ancillary manufacturing and farming activities. The business is carried on in the United Kingdom and the turnover derives almost entirely from that source. Turnover and trading profit derive from continuing operations, there having been no discontinued operations or material acquisitions in the year.

NOTES ON THE ACCOUNTS *continued*

3 Pension Fund

The principal pension scheme operated by the Partnership is a defined benefits scheme, providing benefits based on final pensionable pay. The assets of this scheme are held in a separate, trustee administered fund.

The fund was last valued by consulting actuaries as at 31st March 1992, using the projected unit method. The assumption which has the most significant effect on the results of the valuation is the relative rate of return on the investments of the fund compared with increases in pay and pensions. It was assumed for this purpose that, on average, the annual return on investments would exceed increases in pay and pensions by 2.5% and 5% respectively. The market value of the assets of the fund as at 31st March 1992 was £352m. The valuation showed that the assets were sufficient to cover 114% of the benefits which had accrued to members. On the recommendation of the actuaries no further company contributions were made to the scheme until April 1994.

The actuaries have recommended a normal future contribution rate of 7.2% of total pay. For a number of years the charge will be reduced to take into account the past-service surplus. The pension charge for the year, calculated according to the provisions of SSAP 24, was equivalent to 5.2% (5.3%) of total pay and amounted to £18.0m (£17.6m), including notional interest of £2.6m (£2.9m) on the pension charge accrued in the consolidated balance sheet.

The next actuarial valuation of the fund will take place as at 31st March 1995.

4 Net interest payable

	1995 *£m*	*1994* *£m*
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years	*12.3*	*10.8*
On finance leases	*0.7*	–
On all other loans	*15.6*	*15.6*
Interest receivable	*(4.1)*	*(3.1)*
	24.5	*23.3*

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	1995	*1994*
Staff costs:		
Wages and salaries	*351.8*	*335.3*
Social security costs	*30.3*	*30.3*
Partnership bonus	*38.8*	*31.0*
Employer's national insurance on Partnership bonus	*4.3*	*3.5*
Other pension costs	*18.0*	*17.6*
Depreciation – owned assets	*56.0*	*52.7*
– assets held under finance leases	*1.1*	–
Auditors' remuneration	*0.4*	*0.5*
Operating lease rental of land and buildings	*35.6*	*32.6*

6 Tax on profit on ordinary activities

	1995	*1994*
Corporation tax based on the profit for the year	*20.8*	*23.7*
Corporation tax - previous years	*(0.5)*	*(1.7)*
Deferred tax	*2.2*	*(5.8)*
	22.5	*16.2*

The tax charge is based on a corporation tax rate of 33% (33%) and has been reduced by £4.7m (£5.8m) as a result of capital allowances in excess of depreciation.

NOTES ON THE ACCOUNTS *continued*

6 Tax on profit on ordinary activities *(continued)*

Total taxation deferred and unprovided in respect of capital allowances in excess of depreciation amounts to £81.6m (£76.9m) based on corporation tax at 33% (33%).

No provision has been made in these accounts for the liability to taxation of £6.4m (£6.9m) 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.

7 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, John Lewis plc has not presented its own profit and loss account. The profit dealt with in the accounts of the company amounted to £39.9m (£5.2 m loss).

8 Dividends

	1995	*1994*
	£m	*£m*
Non equity interests		
5% (now 3.5% plus tax credit) Cumulative Preference Stock and 7% (now 4.9% plus tax credit) Cumulative Preference Stock	*0.1*	*0.1*
Equity interests		
Ordinary shares	*0.2*	*0.2*
	0.3	*0.3*

The ordinary shares are all held by the parent company John Lewis Partnership plc which is registered in England.

9 Directors' emoluments

Directors' remuneration including pension fund contributions and Partnership bonus of 12% (10%) was as follows:	*£000*	*£000*
Remuneration as managers	*1,837*	*1,899*
Pensions to past directors	*9*	*9*

Excluding pension fund contributions but including Partnership bonus, the emoluments of the individual directors, who served on the Board during any part of the year, were as follows:

	1995	*1994*
Chairman	*£302,314*	*£273,596*
Other directors:		
£0 - £5,000	–	*1*
£40,001 - £45,000	–	*1*
£50,001 - £55,000	–	*1*
£65,001 - £70,000	–	*2*
£70,001 - £75,000	–	*2*
£100,001 - £105,000	–	*1*
£105,001 - £110,000	*1*	–
£115,001 - £120,000	*1*	*1*
£125,001 - £130,000	–	*1*
£135,001 - £140,000	*1*	–
£140,001 - £145,000	–	*1*
£145,001 - £150,000	*1*	–
£155,001 - £160,000	*1*	–
£165,001 - £170,000	*1*	–
£180,001 - £185,000	–	*1*
£185,001 - £190,000	–	*1*
£190,001 - £195,000	–	*1*
£200,001 - £205,000	*2*	–
£210,001 - £215,000	*1*	–

10 Employees

During the year the average number of employees of the group, all of whom were employed in the UK, was as follows:

Department stores	*20,800*	*20,600*
Supermarkets	*17,400*	*16,900*
Other	*1,400*	*1,300*
	39,600	*38,800*

NOTES ON THE ACCOUNTS *continued*

11 Tangible assets

Consolidated

	Land and buildings £m	Fixtures and fittings £m	Payments on account and assets in course of construction £m	Total £m
Cost or valuation				
At 29th January 1994	747.8	387.6	69.9	1,205.3
Additions at cost	11.2	73.2	36.8	121.2
Transfers	58.6	4.2	(62.8)	–
Disposals	(2.7)	(13.0)	(1.8)	(17.5)
Revaluation adjustments	0.6	–	–	0.6
At 28th January 1995	815.5	452.0	42.1	1,309.6
At cost	401.6	452.0	42.1	895.7
At valuation 1988	21.2	–	–	21.2
At valuation 1995	392.7	–	–	392.7
At 28th January 1995	815.5	452.0	42.1	1,309.6
Depreciation				
At 29th January 1994	55.8	207.7	–	263.5
Charges for the year	15.3	41.8	–	57.1
On disposals	(0.6)	(11.4)	–	(12.0)
Revaluation adjustments	(1.5)	–	–	(1.5)
At 28th January 1995	69.0	238.1	–	307.1
Net book values at 29th January 1994	692.0	179.9	69.9	941.8
Net book values at 28th January 1995	746.5	213.9	42.1	1,002.5

	1995 £m	1994 £m
Land and buildings at cost or valuation:		
Freehold property	487.0	426.2
Leasehold property, 50 years or more unexpired	256.4	253.1
Leasehold property, less than 50 years unexpired	72.1	68.5
	815.5	747.8

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 1994, 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 28th January 1995. The £2.1m surplus arising from this revaluation has been credited to revaluation reserve.

All supermarket and distribution properties are stated at depreciated historical cost.

NOTES ON THE ACCOUNTS *continued*

11 Tangible assets *(continued)*

Certain amenity properties, which represent less than 3% of the Partnership's total 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 28th January 1995 is land valued at £150.6m, which is not subject to depreciation. If they had not been revalued, land and buildings at 28th January 1995 would have been included at the following amounts:

	1995 *£m*	*1994* *£m*
Cost	712.3	642.1
Accumulated depreciation	(98.0)	(85.0)
	614.3	557.1

The gross cost of assets held under finance leases is £10.2m with accumulated depreciation in respect of those assets of £1.1m.

Company	*Land and buildings* *£m*	*Fixtures and fittings* *£m*	*Payments on account and assets in course of construction* *£m*	*Total* *£m*
Cost or valuation				
At 29th January 1994	172.5	203.2	8.6	384.3
Additions at cost	0.7	21.1	10.4	32.2
Disposals	–	(5.9)	–	(5.9)
Revaluation adjustments	2.4	–	–	2.4
At 28th January 1995	175.6	218.4	19.0	413.0
At cost	44.5	218.4	19.0	281.9
At valuation 1988	0.5	–	–	0.5
At valuation 1995	130.6	–	–	130.6
At 28th January 1995	175.6	218.4	19.0	413.0
Depreciation				
At 29th January 1994	3.8	112.6	–	116.4
Charges for the year	2.7	21.4	–	24.1
On disposals	–	(4.7)	–	(4.7)
Revaluation adjustments	(0.7)	–	–	(0.7)
At 28th January 1995	5.8	129.3	–	135.1
Net book values at 29th January 1994	168.7	90.6	8.6	267.9
Net book values at 28th January 1995	169.8	89.1	19.0	277.9

NOTES ON THE ACCOUNTS *continued*

11 Tangible assets *continued*

	1995	1994
Land and buildings at cost or valuation:	£m	£m
Freehold property	49.4	49.2
Leasehold property, 50 years or more unexpired	117.1	114.9
Leasehold property, less than 50 years unexpired	9.0	8.4
	175.5	172.5

Included in land and buildings at 28th January 1995 is land valued at £9m, which is not subject to depreciation. If they had not been revalued, land and buildings at 28th January 1995 would have been included at the following amounts:

Cost	217.7	217.2
Accumulated depreciation	(18.4)	(15.7)
	199.3	201.5

12 Investments in subsidiary undertakings

Company

	Shares in group companies £m	Loans to group companies £m	Total £m
At 29th January 1994	53.7	217.7	271.4
Movements	0.4	48.7	49.1
Dividends receivable	–	3.4	3.4
At 28th January 1995	54.1	269.8	323.9

13 Stocks

	1995 £m	1994 £m
Consolidated		
Raw materials and work-in-progress	9.5	9.3
Finished goods	204.0	185.4
	213.5	194.7
Company		
Raw materials and work-in-progress	1.2	1.4
Finished goods	134.1	124.2
	135.3	125.6

NOTES ON THE ACCOUNTS *continued*

14 Debtors

	1995	1994
	£m	£m
Consolidated		
Amounts falling due within one year:		
Trade debtors	140.6	125.8
Other debtors	15.8	9.6
Prepayments and accrued income	9.9	16.7
Deferred tax	1.3	1.4
	167.6	153.5
Amounts falling due after more than one year:		
Trade debtors	34.5	30.4
Other debtors	39.9	–
Deferred tax	13.1	15.2
	255.1	199.1
Company		
Amounts falling due within one year:		
Trade debtors	131.8	118.2
Other debtors	8.6	4.0
Prepayments and accrued income	5.7	12.2
Deferred tax	1.3	1.4
	147.4	135.8
Amounts falling due after more than one year:		
Trade debtors	34.5	30.4
Other debtors	39.9	–
Deferred tax	7.8	9.3
	229.6	175.5

Other debtors due after more than one year for both the company and the group represents a call option, which was purchased for £38.5m on normal commercial terms and which gives the Company the right to acquire £50 million of John Lewis plc 10 3/8% Bonds 1998. It is exercisable at certain dates up to January 1998 at an exercise price that is linked to the net present value of the remaining interest payable on the Bonds. Accordingly, the exercise price reduces during the period up to January 1998, resulting in an increase in the value of the call option. This increase in value is credited to interest receivable on an actuarial basis and is reflected in the carrying amount of the asset, which was £39.9m at 28th January 1995.

15 Creditors

	1995	1994
Consolidated		
Amounts falling due within one year:		
Bank overdraft	10.4	–
Trade creditors	146.5	103.0
Holding company	1.8	1.8
Other creditors	12.2	13.8
Finance leases	1.4	–
Corporation tax	20.5	24.1
Other taxation and social security	64.4	58.2
Pension fund accrual	39.8	46.3
Accruals and deferred income	20.7	20.7
Proposed dividend	0.2	0.2
Partnership bonus	38.8	31.0
	356.7	299.1

NOTES ON THE ACCOUNTS *continued*

15 Creditors *(continued)*

	1995 £m	1994 £m
Amounts falling due after more than one year:		
Due between 1and 2 years		
– Finance leases	1.5	–
Due between 2 and 5 years		
– $10^3/_8$ % Bonds, 1998	100.0	100.0
– Finance leases	5.8	–
Due other than by instalments after 5 years		
– $10^1/_4$ % Bonds, 2006	50.0	50.0
– $10^1/_2$ % Bonds, 2014	100.0	100.0
	257.3	250.0

	1995 £m	1994 £m
Company		
Amounts falling due within one year:		
Bank overdraft	15.9	–
Trade creditors	129.5	87.9
Holding company	1.8	1.8
Owed to group companies	132.8	126.7
Other creditors	10.8	12.4
Corporation tax	14.7	14.5
Other taxation and social security	45.0	42.6
Pension fund accrual	39.8	46.3
Accruals and deferred income	11.6	10.4
Proposed dividend	0.2	0.2
Partnership bonus	37.5	30.1
	439.6	372.9
Amounts falling due after more than one year:		
Due between 2 and 5 years		
– $10^3/_8$% Bonds, 1998	100.0	100.0
Due other than by instalments after 5 years		
– $10^1/_4$% Bonds, 2006	50.0	50.0
– $10^1/_2$% Bonds, 2014	100.0	100.0
	250.0	250.0

16 Share capital

	1995 £m	1994 £m
Authorised, issued and fully paid :		
Equity		
Ordinary shares of £1 each	6.8	6.8
Non equity		
5% (now 3.5% plus tax credit) First Cumulative Preference Stock	1.5	1.5
7% (now 4.9% plus tax credit) Cumulative Preference Stock	0.7	0.7
	9.0	9.0

NOTES ON THE ACCOUNTS *continued*

17 Reserves

	Profit and loss account £m	Capital £m	Share premium £m	Revaluation reserve £m	Total reserves £m
Consolidated					
At 29th January 1994	659.5	1.4	1.9	134.9	797.7
Profit retained	51.0	–	–	–	51.0
Transfers	4.8	–	–	(4.8)	–
Revaluation surplus	–	–	–	2.1	2.1
At 28th January 1995	715.3	1.4	1.9	132.2	850.8

The cumulative amount of goodwill written off to reserves is £10.9m (£10.9m).

	Profit and loss account £m	Share premium £m	Revaluation reserve £m	Total reserves £m
Company				
At 29th January 1994	224.6	1.9	–	226.5
Profit retained	39.6	–	–	39.6
Revaluation adjustments	–	–	3.1	3.1
At 28th January 1995	264.2	1.9	3.1	269.2

All of the reserves are attributable to equity shareholders.

18 Reconciliation of movements in shareholders' funds

	1995	1994
Consolidated	£m	£m
Profit for the financial year	51.3	42.5
Dividends	(0.3)	(0.3)
Revaluation adjustments	2.1	(15.1)
	53.1	27.1
Opening shareholders' funds	806.7	779.6
Closing shareholders' funds	859.8	806.7

NOTES ON THE ACCOUNTS *continued*

19 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £m	1994 £m
Trading profit	141.4	116.5
Depreciation charged	57.1	52.7
Increase in debtors	(20.0)	(16.8)
Increase in creditors	47.4	5.0
Increase/(decrease) in pension fund accrual	(6.5)	17.6
Increase in stocks	(18.8)	(12.5)
Partnership bonus paid for previous year	(34.5)	(28.1)
Cash flow from operating activities	166.1	134.4

20 Analysis of changes in financing

	Share Capital (inc. premium) £m	Bonds, Debenture Loans and Finance Leases £m
At 30th January 1993	10.9	256.1
Repayment of debentures	–	(6.1)
At 29th January 1994	10.9	250.0
Inception of finance leases	–	10.2
Capital element of finance leases repaid	–	(1.5)
At 28th January 1995	10.9	258.7

21 Analysis of cash and cash equivalents as shown in the balance sheet

	1995 £m	Change in year £m	1994 £m	Change in year £m	1993 £m
Cash at bank and in hand	2.7	(17.5)	20.2	(12.7)	32.9
Investments – short term deposits	–	–	–	(0.6)	0.6
Loans and bank overdraft	(10.4)	(10.4)	–	–	–
	(7.7)	(27.9)	20.2	(13.3)	33.5

22 Commitments

At 28th January 1995, the directors had authorised capital expenditure of £82.2m (£161.4m) of which contracts had been placed for £17.0m (£55.7m).

John Lewis plc has entered into bank guarantees in favour of subsidiary companies amounting to £24m.

NOTES ON THE ACCOUNTS *continued*

23 **Lease commitments**	*1995*	*1994*
	£m	*£m*
Operating leases		
Rentals for the next financial year on leases expiring:		
Within 1 year	*0.1*	*0.2*
Between 1 and 5 years	*0.6*	*0.6*
Over 5 years	*32.8*	*31.8*

24 Subsidiary undertakings

Subsidiary companies of John Lewis plc as at 28thJanuary 1995 were as follows:

John Lewis Properties plc *(Property holding company)*
Waitrose Limited *(Food retailing)*
Cavendish Textiles Limited *(Textile design and development)*
Stead, McAlpin & Company, Limited *(Textile printing)*
Herbert Parkinson Limited *(Weaving and making up)*
J.H.Birtwistle & Company Limited *(Spinning and weaving)*
John Lewis Overseas Limited *(Importing)*
John Lewis Building Limited *(Building)*
John Lewis Construction Limited *(Building)*
Leckford Estate Limited *(Farming)*
Leckford Mushrooms Limited *(Mushroom growing)*
Findlater, Mackie, Todd & Co Limited *(Mail order wines)*
JLP Insurance Limited *(Insurance) (Incorporated and operating in Guernsey)*

The whole of the ordinary share capital of the subsidiaries is held within the group. The list excludes non-trading companies which have no material effect on the accounts of the group. Except as noted above, all of these subsidiaries operate wholly or mainly in the United Kingdom and are registered in England.

25 Parent company

John Lewis Partnership plc, a company registered in England, is the company's immediate and ultimate parent company and prepares consolidated accounts which include the accounts of the company.

Copies of the group accounts of John Lewis Partnership plc 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 and of the group as at the end of the financial year and of the profit or loss of the group 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 group and for preventing and detecting fraud and other irregularities.

The directors, having made enquiries, consider that the company and the group have 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 PLC

We have audited the financial statements of John Lewis plc set out on pages 9 to 23 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 13.

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 the 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 and of the group as at 28th January 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants and Registered Auditors
London 20th April 1995

RETAIL BRANCHES

Department Stores

London
John Lewis, Oxford Street
John Lewis, Brent Cross
Peter Jones, Sloane Square

Southern England
Caleys, Windsor
Heelas, Reading
John Lewis, Bristol
John Lewis, High Wycombe
John Lewis, Kingston
John Lewis, Milton Keynes
John Lewis, Welwyn
Knight & Lee, Southsea
Trewins, Watford
Tyrrell & Green, Southampton

Midlands, East Anglia Northern England and Scotland
Bainbridge, Newcastle
Bonds, Norwich
Cole Brothers, Sheffield
George Henry Lee, Liverpool
Jessop & Son, Nottingham
John Lewis, Aberdeen
John Lewis, Edinburgh
John Lewis, Peterborough
Robert Sayle, Cambridge

Waitrose Supermarkets

London

Barnet	Chelsea	Enfield	Holloway Road	Swiss Cottage	West Ealing
Brent Cross	East Sheen	Harrow Weald	Kenton	Temple Fortune	Whetstone

Southern England

Abingdon	Caterham	Esher	Horsham	Ringwood	Wantage
Allington Park	Caversham	Finchley	Kingston	Romsey	Welwyn Garden City
Andover	Chelmsford	Fleet	Leighton Buzzard	Ruislip	Westbourne
Banstead	Chesham	Gillingham	Longfield	St Albans	Westbury Park
Bath	Chichester	Godalming	Lymington	Sevenoaks	West Byfleet
Beaconsfield	Cirencester	Goldsworth Park	Maidenhead	Slough	Weybridge
Beckenham	Cobham	Gosport	Marlborough	Southend	Windsor
Berkhamsted	Coulsdon	Green Street Green	Marlow	Southsea	Winton
Birch Hill	Cowplain	Harpenden	Milton Keynes	Stevenage	Witney
Bishops Stortford	Crowborough	Havant	New Malden	Stroud	Wokingham
Brighton	Dibden	Hayes	Northwood	Sunningdale	Woodley
Bromley	Dorchester	Henley	Petersfield	Tenterden	Yateley
Buckhurst Hill	Dorking	Hertford	Ramsgate	Thame	
Burgess Hill	Epsom	Horley	Richmond	Tilehurst	
				Wallingford	

Midlands and East Anglia

Blaby	Ely	Hall Green	Kingsthorpe	Saffron Walden	Stourbridge
Bury St Edmunds	Evington	Huntingdon	Newmarket	St Ives	
Daventry	Four Oaks	Kidderminster	Peterborough	St Neots	

In addition to the shops listed above, the Partnership operates the following businesses

Stead, McAlpin, Carlisle *(Textile printing)*
J H Birtwistle, Haslingden *(Spinning and weaving)*
Herbert Parkinson, Darwen *(Weaving and making up)*
Findlater, Mackie, Todd, London *(Mail order wines)*
Taylor & Penton, Weybridge *(Fitted kitchen furniture and bedding)*
Leckford Estate, Stockbridge *(Farming)*