Companies House
for the record

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause

JOHN LEWIS plc REPORT AND ACCOUNTS 1994

233462

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-sixth annual general meeting of the company will be held at 12.15pm on Wednesday 22nd June 1994 at 171 Victoria Street, London SW1:

To receive the directors' report and accounts for the year 1993/94.

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
18th May 1994

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 29TH JANUARY 1994

Turnover and profits	1994 £m	1993 £m
Turnover	2,420.0	2,357.3
Trading profit	116.5	95.8
Interest	23.3	24.4
Profit before Partnership bonus and taxation	93.2	71.4
Taxation	16.2	9.0
Dividends	.3	.3
Balance available for profit sharing and retention in the business	76.7	62.1
Partnership bonus	34.5	28.2
Retained in the business for development	42.2	33.9
Capital employed - Net assets employed at the year end	806.7	779.6
Numbers employed - Employees (weighted for part-timers)	29,800	30,000
Number of shops –		
Department stores	22	22
Supermarkets	108	102

FIVE YEAR RECORD

	Years ended January				
	1994 £m	1993* £m	1992 £m	1991 £m	1990 £m
Turnover	2,420.0	2,357.3	2,280.4	2,159.2	2,046.3
Profit before pension costs	134.1	111.9	111.4	120.3	133.2
Pension costs	17.6	16.1	11.3	10.5	9.4
Interest	23.3	24.4	22.8	18.4	13.6
Profit before Partnership bonus and taxation	93.2	71.4	77.3	91.4	110.2
Taxation	16.2	9.0	8.3	12.6	21.0
Dividends	.3	.3	.4	.3	.3
Net profit available for profit sharing and retention in the business	76.7	62.1	68.6	78.5	88.9
Partnership bonus	34.5	28.2	30.2	36.6	41.3
As a percentage of ranking pay	10	8	9	12	17
Retained in the business	42.2	33.9	38.4	41.9	66.2
	76.7	62.1	68.6	78.5	107.5
Net assets employed	806.7	779.6	745.7	706.0	660.7
Pay	335.3	338.4	323.6	298.7	266.6
Number of employees	38,800	39,300	40,200	39,800	38,800
including part-time employees	14,700	15,000	15,400	15,200	14,400

** 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

After four years of declining profit, it is very pleasing to be able to report a 31% lift in profit before Partnership bonus and taxation last year. A sizeable contribution was made by rates rebates totalling about £10 million, of which about £7 million relates to over-payments in prior years. Adjusting for this, the increase in profits is 16%, still a very creditable outcome — and all the more so as in great part the improvement reflects the considerable efforts of Partners to improve our business and not simply the economy at last moving out of the trough of recession.

Partnership sales last year reached £2,420 million, an increase of 3% on the year before. 1992-93 was, however, a 53-week year and adjusting for that the increase is almost 5%.

The department store division increased its sales by £64 million to £1,270 million. A strong second half-year led to this 5% increase (7% on a like-for-like basis), with a valuable contribution coming from the central London branches. It is also noteworthy that sales were quite evenly spread across the buying groups. The wholesale and manufacturing units included in the above figures showed a slight decrease in turnover after a 7% increase the year before.

Sales in Waitrose were £1 million lower than the previous year at £1,150 million, but were just under 2% ahead when adjusted for the extra week. Again, the second half-year was better than the first half, with the benefit of contributions from new branches. Illegal Sunday trading continued to take its toll, but the Partnership has refused to join our competitors in ignoring the law of the land. It was a sharp disappointment that Parliament narrowly decided in favour of allowing large shops to trade for six hours on Sunday in future. The Bill has not yet completed its passage through both Houses, but the new law is expected to be in place later this summer. We have always made it plain that, if the law changed, we should be ready with a competitive response, and plans are well advanced for a number of Waitrose supermarkets to open on Sundays when it is legal for them to do so.

The department stores held their gross margin, and tight control of costs resulted in an outstanding increase in trading profit. Waitrose's progress continues to be held back by the one-off costs of new distribution arrangements and the introduction of scanning. With flat sales a drop in trading profit was an inevitable and expected consequence.

Partnership trading profit for the year was £117 million, a 22% increase. Interest charges were just over £1 million less than last year, and this lifts the increase in profit before Partnership bonus and taxation to 31%. Capital allowances in excess of depreciation were at a similar level to the previous year, and the tax charge accordingly rises from £9 million to £16 million, in line with the increase in profits.

Capital expenditure was £107 million against £95 million. Retentions of £42 million and depreciation of £53 million financed most of this expenditure, and average net borrowings in fact fell by £5 million to £233 million. Year-end gearing (borrowing as a percentage of share capital and reserves) was 31%.

STATEMENT BY THE CHAIRMAN *continued*

The new department store at Cheadle is now under construction and is planned to open in the second half of 1995. We have also recently announced the relocation of our department store in Bristol; the move is to a new regional shopping centre on the northern edge of the city, due to open in 1997. Waitrose opened five new supermarkets last year -- at Petersfield, Holloway Road (north London), Bishops Stortford, Bury St. Edmunds and Stroud - and has opened at Abingdon since the year end, bringing the total number of branches to 108. A further three new branches are planned for this year at Beckenham, Southend and North Finchley, together with relocations at Henley and Godalming. The introduction of scanning will be completed in 90 branches this year, and the opening of a warehouse for chilled products at Bracknell in the autumn will largely complete the new distribution arrangements.

The accounts also include a revaluation of our department store properties this year. This review was carried out in-house, with advice from external surveyors, and has resulted in only minor adjustments to the balance sheet. In the case of Waitrose supermarkets and distribution properties, we have decided to revert to depreciated historical cost, and this means eliminating a small element of the revaluation reserve. Unlike other supermarket groups, we have not needed to make any major adjustment either to carrying values or to our accounting policies; we have always depreciated our buildings at conservative rates and we have eschewed the policy seen elsewhere of rolling up interest costs on new developments into the balance sheet.

After 11 weeks of the current trading year department store sales stand 8% ahead of last year and Waitrose sales are 2% ahead. This is an encouraging start for the department stores, and I detect little sign so far of any holding back by customers because of the direct and indirect tax increases in the pipeline following the two budgets of 1993. The evidence on the housing market remains rather mixed but, if recovery here were to become firmly established, it would plainly be excellent news for our department store business with its strength in furnishings in the widest sense. In Waitrose there are encouraging signs from branches where scanning has been installed and selling floor changes carried out; by this time next year, with this process virtually complete and the new distribution arrangements in place, Waitrose will be in a good position to push its profits ahead again.

S Hampson
Chairman
21st April 1994

DIRECTORS' REPORT FOR THE YEAR ENDED 29TH JANUARY 1994

Directors

The directors of the company at the date of this report are listed on page 3.
Mr P T Lewis resigned as Chairman and as a director on 1st February 1993, on which day Mr S Hampson became Chairman.
Mr L H Fletcher and Mrs J M Quinn resigned on 22nd July 1993 on which day Mr I D Alexander and Mr C J Mayhew were appointed directors. Mr P J O'Ryan and Mr P W K Still resigned on 9th September 1993.

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.

Principal activity

The company controls the businesses listed on page 25 comprising 22 department stores, 108 Waitrose supermarkets and ancillary manufacturing activities.

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 29TH JANUARY 1994 (continued)

Properties

The Partnership's freehold and long leasehold department store properties were valued by the directors at 31st December 1993 on the basis of open market value for existing use. This valuation has been incorporated in the balance sheets at 29th January 1994, resulting in a surplus of £2.1m, which has been credited to the revaluation reserve.

The group's supermarket and distribution properties have in prior years been carried at a combination of revalued amounts and cost. The directors have determined that it would be more appropriate to carry these assets at depreciated historical cost as from 29th January 1994. As a result of this decision the revaluation surplus relating to the group's supermarket and distribution properties has been eliminated from reserves. The directors are satisfied that the current market value of these properties is not materially different to their carrying value, as at 29th January 1994.

Use of profits

Preference dividends absorbed £89,250 and an interim dividend of £200,000 has been paid on the Ordinary Shares leaving £42,254,000 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 subsisting 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

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 £680,000 for charitable purposes during the year but made no political donations.

For and by order of the Board B J Pritchard Secretary
21st April 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29TH JANUARY 1994

Notes		1994 £m	1993 £m
2	Turnover	2,420.0	2,357.3
	Value added tax	236.1	226.9
		2,183.9	2,130.4
	Cost of sales	1,527.0	1,493.4
	Gross profit	656.9	637.0
	Selling and distribution costs	462.2	465.4
	Administrative costs	60.6	59.7
3	Pension costs	17.6	16.1
	Trading Profit	116.5	95.8
4	Interest	23.3	24.4
	Profit before Partnership bonus and taxation	93.2	71.4
	Partnership bonus	34.5	28.2
5	**Profit on ordinary activities before taxation**	58.7	43.2
6	Tax on profit on ordinary activities	16.2	9.0
7	**Profit for the financial year**	42.5	34.2
8	Dividends	.3	.3
17	**Profit retained**	42.2	33.9

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Profit for the financial year	42.5	34.2
17	Unrealised surplus on revaluation of department store properties	2.1	—
17	Reversal of prior years' revaluation surplus on supermarket and other properties	(17.2)	
	Total recognised gains and losses for the year	27.4	34.2

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

CONSOLIDATED BALANCE SHEET AS AT 29TH JANUARY 1994

Notes		1994 £m	1993 £m
	Fixed Assets		
11	Tangible assets	941.8	905.9
	Current assets		
13	Stocks	194.7	182.2
14	Debtors	199.1	176.1
	Investments - short term deposits	–	6
	Cash at bank and in hand	20.2	32.9
		414.0	391.8
	Creditors		
15	Amounts falling due within one year	299.1	267.0
	Net current assets	114.9	124.8
	Total assets less current liabilities	1,056.7	1,030.7
	Creditors		
15	Amounts falling due after more than one year	250.0	251.1
	Net assets	806.7	779.6
	Capital and reserves		
16	Called up share capital	9.0	9.0
17	Share premium account	1.9	1.9
17	Revaluation reserve	134.9	154.6
17	Capital reserve	1.4	1.4
17	Profit and loss account - accumulated profit	659.5	612.7
	Total capital employed	806.7	779.6

Approved by the Board on 21st April 1994
S Hampson

SHampson

BALANCE SHEET AS AT 29TH JANUARY 1994

Notes		1994 £m	1995 £m
	Fixed Assets		
11	Tangible assets	267.9	299.2
12	Investment in subsidiary undertakings	271.4	218.6
		539.3	517.8
	Current assets		
13	Stocks	125.6	118.3
14	Debtors	175.4	157.7
	Investments short term deposits	–	.6
	Cash at bank and in hand	18.0	29.4
		319.0	306.0
	Creditors		
15	Amounts falling due within one year	373.0	328.3
	Net current liabilities	54.0	22.3
	Total assets less current liabilities	485.3	495.5
	Creditors		
15	Amounts falling due after more than one year	250.0	250.0
	Net assets	235.3	245.5
	Capital and reserves		
16	Called up share capital	9.0	9.0
17	Share premium account	1.9	1.9
17	Revaluation reserve	–	4.5
17	Profit and loss account - accumulated profit	224.6	230.1
	Total capital employed	235.5	245.5

Approved by the Board on 21st April 1994
S Hampson

S Hampson

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 29TH JANUARY 1994

Notes		1994 £m	1993 £m
19	**Net cash inflow from operating activities**	134.4	102.5
	Returns on investments and servicing of finance		
	Interest received	2.8	1.8
	Interest paid	(26.5)	(25.7)
	Dividends paid	(.3)	(.4)
	Net cash outflow from returns on investments and servicing of finance	(24.0)	(24.3)
	Corporation tax paid	(13.9)	(14.5)
	Investing activities		
	Purchases of tangible fixed assets	(106.5)	(94.6)
	Sales of tangible fixed assets	2.8	1.8
	Net cash outflow from investing activities	(103.7)	(92.8)
	Net cash outflow before financing	(7.2)	(29.1)
	Financing		
	Repayment of Debentures	(6.1)	–
	Issue of 10⅞% Bonds 1998 (including premium)	–	101.6
	Expenses of issue	–	(1.9)
20	**Net cash inflow/(outflow) from financing**	(6.1)	99.7
21	**Increase/(decrease) in cash and cash equivalents**	(13.3)	70.6

NOTES ON THE ACCOUNTS

1 Accounting policies

The consolidated profit and loss account and balance sheet include the accounts of the company and all its subsidiary undertakings and have been prepared in accordance with applicable accounting standards.

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

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.

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 employee service life.

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

The valuations, which principally relate to department store properties, were made on the basis that each property was 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 arising on the revaluation of properties is credited to revaluation reserve.

Supermarket and distribution properties are carried at depreciated historical cost. This represents a change of accounting policy over prior years when certain of these properties were included in the accounts at valuation.

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 are all held under operating leases and the annual rentals are charged to the profit and loss account.

Provision for deferred taxation is only made where there is a reasonable probability of payment in the forseeable future.

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

2 Analysis of turnover and profit

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 mainly from that source. Turnover and operating profit derive from continuing operations, there having been no discontinued operations or material acquisitions in the year.

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 company contributions will be 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 5.3% (4.8%) of total pay and amounted to £17.6m (£16.1m), including notional interest of £2.9m on the pension charge accrued in the consolidated balance sheet.

NOTES ON THE ACCOUNTS *continued*

4 Interest

	1994 £m	1993 £m
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years	10.8	2.8
On all other loans	15.6	23.5
Interest receivable	(3.1)	(1.9)
	23.3	24.4

5 Profit on ordinary activities before taxation

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

	1994 £m	1993 £m
Staff costs:		
Pay	335.3	338.4
Social security costs	30.3	30.7
Partnership bonus	31.0	25.3
Employer's national insurance on Partnership bonus	3.5	2.9
Other pension costs	17.6	16.1
Depreciation	52.7	48.6
Auditors' remuneration	.5	.5
Operating lease rental of land and buildings	32.6	30.6

6 Tax on profit on ordinary activities

	1994 £m	1993 £m
Corporation tax based on the profit for the year	23.7	16.5
Corporation tax - previous years	(1.7)	(2.2)
Deferred tax	(5.8)	(5.3)
	16.2	9.0

The tax charge is based on a corporation tax rate of 33% (33%) and has been reduced by £5.8m (£6.0m) 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 £76.9 m (£71.1m) based on corporation tax at 33%.

No provision has been made in these accounts for the liability to taxation of £6.9m (nil) 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 loss dealt with in the accounts of the company amounted to £5.5m (£13.0 m profit).

NOTES ON THE ACCOUNTS *continued*

8 Dividends	1994 £m	1993 £m
5% (now 3.5% plus tax credit) Cumulative Preference Stock and 7% (now 4.9% plus tax credit) Cumulative Preference Stock	.1	1
Ordinary shares	.2	2
	.3	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 10% (8%) was as follows:	£000	£000
Remuneration as managers	1,899	1,889
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:

	1994	1993
Chairman	273,596	£269,491
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	–
£90,001 - £95,000	–	1
£100,001 - £105,000	1	1
£105,001 - £110,000	–	2
£110,001 - £115,000	–	1
£115,001 - £120,000	1	1
£125,001 - £130,000	1	
£130,001 - £135,000	–	1
£135,001 - £140,000	–	1
£140,001 - £145,000	1	–
£175,001 - £180,000	–	1
£180,001 - £185,000	1	–
£185,001 - £190,000	1	1
£190,001 - £195,000	1	–
£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	20,600	20,800
Supermarkets	16,900	17,200
Other	1,300	1,300
	38,800	39,300

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 30th January 1993	*749.6*	*358.3*	*40.0*	*1,147.9*
Additions at cost	*4.0*	*37.8*	*64.7*	*106.5*
Transfers	*33.5*	*1.0*	*(34.5)*	—
Disposals	*(.8)*	*(9.5)*	*(.3)*	*(10.6)*
Revaluation adjustments	*(38.5)*	—	—	*(38.5)*
At 29th January 1994	*747.8*	*387.6*	*69.9*	*1,205.3*
At cost	*336.0*	*387.6*	*69.9*	*793.5*
At valuation 1988	*21.2*	—	—	*21.2*
At valuation 1994	*390.6*	—	—	*390.6*
	747.8	*387.6*	*69.9*	*1,205.3*
Depreciation				
At 30th January 1993	*65.4*	*176.6*	—	*242.0*
Charges for the year	*13.9*	*38.8*	—	*52.7*
On disposals	*(.1)*	*(7.7)*	—	*(7.8)*
Revaluation adjustments	*(23.4)*	—	—	*(23.4)*
At 29th January 1994	*55.8*	*207.7*	—	*263.5*
Net book values at 30th January 1993	*684.2*	*181.7*	*40.0*	*905.9*
Net book values at 29th January 1994	*692.0*	*179.9*	*69.9*	*941.8*

Land and buildings at cost or valuation:	*1994 £m*	*1993 £m*
Freehold property	*426.2*	*395.8*
Leasehold property, 50 years or more unexpired	*253.1*	*290.3*
Leasehold property, less than 50 years unexpired	*68.5*	*63.5*
	747.8	*749.6*

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 1993, the directors, after consultation with Hillier Parker, revalued the Partnership's department store properties and this valuation has been incorporated into the accounts as at 29th January 1994. The £2.1m surplus arising from this revaluation has been credited to revaluation reserve.

The Partnership has changed its accounting policy in respect of its supermarket and distribution properties. In prior years certain of these properties have been included in the balance sheet at valuation, with the remainder accounted for at depreciated historical cost. As at 29th January 1994 all supermarket and distribution properties are stated at depreciated historical cost. No restatement of prior year comparatives has been made as the effect of

NOTES ON THE ACCOUNTS (continued)

11 Tangible assets (continued)

these changes on the group's profit and loss account is immaterial. The residual revaluation surplus in respect of those properties which had previously been revalued, amounting to £17.2m, has been eliminated from the revaluation reserve during the current year.

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 29th January 1994 is land valued at £123.2m, which is not subject to depreciation. If they had not been revalued, land and buildings at 29th January 1994 would have been included at the following amounts:

	1994 £m	1993 £m
Cost	642.1	602.1
Accumulated depreciation	85.0	72.5
	557.1	529.6

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 30th January 1993	207.6	195.9	1.6	405.1
Additions at cost	1.8	15.0	7.0	23.8
Group transfers	8.9	—	—	8.9
Disposals	—	(7.7)	—	(7.7)
Revaluation adjustments	(45.8)	—	—	(45.8)
At 29th January 1994	172.5	203.2	8.6	384.3
At cost	44.5	203.2	8.6	256.3
At valuation 1988	.5	—	—	.5
At valuation 1994	127.5	—	—	127.5
	172.5	203.2	8.6	384.3
Depreciation				
At 30th January 1993	9.1	96.8	—	105.9
Charges for the year	2.8	21.8	—	24.6
On transfers	.5	—	—	.5
On disposals	—	(6.0)	—	(6.0)
Revaluation adjustments	(8.6)	—	—	(8.6)
At 29th January 1994	3.8	112.6	—	116.4
Net book values at 30th January 1993	198.5	99.1	1.6	299.2
Net book values at 29th January 1994	168.7	90.6	8.6	267.9

NOTES ON THE ACCOUNTS *continued*

11 Tangible assets *continued*

	1994	1993
	£m	£m
Land and buildings at cost or valuation:		
Freehold property	49.2	46.5
Leasehold property, 50 years or more unexpired	114.9	153.4
Leasehold property, less than 50 years unexpired	8.4	7.7
	172.5	207.6

Included in land and buildings at 29th January 1994 is land valued at £9m, which is not subject to depreciation. If they had not been revalued, land and buildings at 29th January 1994 would have been included at the following amounts:

Cost	217.2	207.0
Accumulated depreciation	15.7	13.0
	201.5	194.0

12 Investments in subsidiary undertakings

Company

	Shares in group companies £m	Loans to group companies £m	Total £m
At 30th January 1993	53.2	165.4	218.6
Movements	.5	50.2	50.7
Dividends receivable	—	2.1	2.1
At 29th January 1994	53.7	217.7	271.4

13 Stocks

	1994	1993
	£m	£m
Consolidated		
Raw materials and work-in-progress	9.3	8.9
Finished goods	185.4	173.3
	194.7	182.2
Company		
Raw materials and work-in-progress	1.4	1.3
Finished goods	124.2	117.0
	125.6	118.3

NOTES ON THE ACCOUNTS (continued)

14 Debtors

	1994 £m	1993 £m
Consolidated		
Amounts falling due within one year:		
Trade debtors	125.8	116.1
Other debtors	9.6	7.9
Deferred tax	1.4	1.3
Prepayments and accrued income	16.7	13.3
	153.5	138.6
Amounts falling due after more than one year:		
Trade debtors	30.4	28.1
Deferred tax	15.2	9.4
	199.1	176.1
Company		
Amounts falling due within one year:		
Trade debtors	118.2	109.4
Other debtors	4.0	4.5
Deferred tax	1.4	1.3
Prepayments and accrued income	12.2	9.1
	135.8	124.3
Amounts falling due after more than one year:		
Trade debtors	30.4	28.1
Deferred tax	9.2	5.3
	175.4	157.7

15 Creditors

	1994 £m	1993 £m
Consolidated		
Amounts falling due within one year:		
Debenture loans (secured)	–	5.0
Trade creditors	103.0	102.2
Holding company	1.8	1.6
Other creditors	13.8	10.3
Corporation tax	24.1	15.9
Other taxation and social security	58.2	55.9
Pension fund accrual	46.3	28.7
Accruals and deferred income	20.7	22.0
Proposed dividend	.2	.2
Partnership bonus	31.0	25.2
	299.1	267.0

NOTES ON THE ACCOUNTS *continued*

15 Creditors *(continued)*

	1994 £m	1993 £m
Amounts falling due after more than one year		
Due between 2 and 5 years		
10¼% Bonds, 1998	100.0	
Due by instalments after 5 years		
Debenture loans (secured)	—	1.1
Due other than by instalments after 5 years		
10¼% Bonds, 1998	—	100.0
10¼% Bonds, 2006	50.0	50.0
10½% Bonds, 2014	100.0	100.0
	250.0	251.1
Total of instalment payments due after 5 years	—	1.1
Debentures (secured on land and buildings) John Lewis Properties plc		
9¼% Mortgage Debenture Stock, 1992/97 (redeemed 31 March 1993)	—	5.0
8¼% Mortgage Debenture Stock, 1993/98 (redeemed 1 November 1993)	—	1.1
	—	6.1
Company		
Amounts falling due within one year:		
Trade creditors	87.9	85.3
Holding company	1.8	1.6
Owed to group companies	126.8	121.2
Other creditors	12.4	8.5
Corporation tax	14.5	4.0
Other taxation and social security	42.6	41.7
Pension fund accrual	46.3	28.6
Accruals and deferred income	10.4	12.7
Proposed dividend	.2	.2
Partnership bonus	30.1	24.5
	373.0	328.3
Amounts falling due after more than one year:		
Due between 2 and 5 years		
– 10¼% Bonds, 1998	100.0	–
Due other than by instalments after 5 years		
– 10¼% Bonds, 1998	—	100.0
– 10¼% Bonds, 2006	50.0	50.0
– 10½% Bonds, 2014	100.0	100.0
	250.0	250.0

16 Share capital

	1994 £m	1993 £m
Authorised, issued and fully paid :		
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	.7	.7
Ordinary shares of £1 each	6.8	6.8
	9.0	9.0

NOTES ON THE ACCOUNTS *continued*

17 Reserves

Consolidated

	Profit and loss account £m	*Capital £m*	*Share premium £m*	*Revaluation reserve £m*	*Total reserves £m*
At 30th January 1993	612.7	1.4	1.9	154.6	770.6
Profit retained	42.2	—	—	—	42.2
Transfers	4.6	—	—	(4.6)	—
Revaluation surplus (department stores)	—	—	—	2.1	2.1
Write-back of revaluation surplus on supermarket and distribution properties	—	—	—	(17.2)	(17.2)
At 29th January 1994	659.5	1.4	1.9	134.9	797.7

The cumulative amount of goodwill written off to reserves is £10.9m (£10.8m).

Company	*Profit and loss account £m*	*Share premium £m*	*Revaluation reserve £m*	*Total reserves £m*
At 30th January 1993	230.1	1.9	4.5	236.5
Profit retained	(5.5)	—		(5.5)
Revaluation adjustments	—	—	(4.5)	(4.5)
At 29th January 1994	224.6	1.9	—	226.5

18 Reconciliation of movements in shareholders' funds

	1994 *£m*	*1993* *£m*
Consolidated		
Profit for the financial year	42.5	34.2
Dividends	(.3)	(.3)
Revaluation adjustments	(15.1)	—
	27.1	33.9
Opening shareholders' funds	779.6	745.7
Closing shareholders' funds	806.7	779.6
Company		
Profit/(loss) for the financial year	(5.2)	13.0
Dividends	(.3)	(.3)
Movement on revaluation reserve	(4.5)	—
	(10.0)	12.7
Opening shareholders' funds	245.5	232.8
Closing shareholders' funds	235.5	245.5

NOTES ON THE ACCOUNTS *continued*

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

	1994 *£m*	*1993* *£m*
Trading profit	*116.5*	*95.8*
Depreciation charged	*52.7*	*48.6*
(Increase)/decrease in debtors	*(16.8)*	*3.0*
Increase/(decrease) in creditors	*5.0*	*(23.3)*
Increase in pension fund accrual	*17.6*	*16.1*
Increase in stocks	*(12.5)*	*(7.5)*
Partnership bonus paid for previous year	*(28.1)*	*(30.2)*
Cash flow from operating activities	*134.4*	*102.5*

20 Analysis of changes in financing

	Share Capital (inc. premium) *£m*	*Bonds and Debenture Loans* *£m*
As at 25th January 1992	*10.9*	*156.1*
Issue of $10\frac{3}{4}$% Bonds, 1998 (excluding premium)	–	*100.0*
At 30th January 1993	*10.9*	*256.1*
Repayment of Debentures	–	*(6.1)*
At 29th January 1994	*10.9*	*250.0*

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

	1994 *£m*	*Change in year* *£m*	*1993* *£m*	*Change in year* *£m*	*1992* *£m*
Cash at bank and in hand	*20.2*	*(12.7)*	*32.9*	*20.4*	*12.5*
Investments – short term deposits	–	*(.6)*	*.6*	*.2*	*.4*
Loans and bank overdraft	–	–	–	*50.0*	*(50.0)*
	20.2	*(13.3)*	*33.5*	*70.6*	*(37.1)*

22 Commitments

At 29th January 1994, the directors had authorised capital expenditure of £161.4m (£104.1m) of which contracts had been placed for £55.7m (£10.1m).

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

23 Lease commitments

Rentals of land and buildings for the next financial year on leases expiring:	*£m*	*£m*
Within 1 year	*.2*	*.2*
Between 1 and 5 years	*.6*	*.4*
Over 5 years	*31.8*	*30.6*

NOTES ON THE ACCOUNTS continued

24 Subsidiary undertakings

Subsidiary companies of John Lewis plc as at 29th January 1998 were as follows

John Lewis Properties plc
Waitrose Limited
Cavendish Textiles Limited
Stead, McAlpin & Company, Limited
Herbert Parkinson Limited
J H. Birtwistle & Company Limited
John Lewis Overseas Limited
John Lewis Building Limited
John Lewis Construction Limited
Leckford Estate Limited
Leckford Mushrooms Limited
Findlater, Mackie, Todd & Co Limited

The whole of the ordinary share capital is held within the group. The list excludes non-trading companies which have no material effect on the accounts of the group. 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, 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.

REPORT OF THE AUDITORS

We have audited the financial statements of John Lewis plc set out on pages 9 to 33 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 29th January 1994 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 21st April 1994

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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
Trewin Brothers, Watford
Tyrrell and 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
Brent Cross
Chelsea
East Sheen
Enfield
Harrow Weald
Holloway Road
Kenton
Swiss Cottage
Temple Fortune
West Ealing
Whetstone

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

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

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)*