

JOHN LEWIS plc

Report and accounts 1990

JOHN LEWIS plc

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Contents	Notice of meeting	2
	Board of directors	3
	Summary of results	4
	Five year record	4
	Statement by the Chairman	5
	Directors' report	6
	Consolidated profit and loss account	7
	Consolidated balance sheet	8
	Balance sheet of the company	9
	Statement of source and use of funds	10
	Notes on the accounts	11
	Report of the auditors	21
	Retail branches	22

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78

Notice of annual general meeting

Notice is hereby given that the sixty second annual general meeting of the company will be held at 12.15 pm on Wednesday 13th June 1990 at 171 Victoria Street, London SW1:

- 1 To receive the directors' report and accounts for the year 1989/90.
- 2 To consider the re-election of retiring directors.
- 3 To consider the re-appointment of the auditors
- 4 To consider the remuneration of the auditors

By order of the Board
B I Pritchard *Secretary*

171 Victoria Street
London SW1E 5NN
9th May 1990

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.

JOHN LEWIS plc

Board of directors

Chairman	P T Lewis MA
Deputy chairman	S Hampson MA
	I J Anderson
	W N Wreford-Brown
	D R Cloake BSc (Econ)
	P Falconer BA
	D L Felwick
	L H Fletcher BA
	J B Foster
	G P K Miller MA
	M A O'Callaghan
	I J Rawlings BSc

Secretary	B J Pritchard MSc
Chief accountant	T M Phillips BSc (Econ), FCA
Auditors	Price Waterhouse
Solicitors	Clifford Chance
Bankers	National Westminster Bank PLC
Registered office and Transfer office	171 Victoria Street London SW1P 5NN

Summary of results for the year ended 27th January 1990

		1989 £m	1990 £m
Turnover and profits			
Turnover		1,917.7	2,046.3
Trading profit		139.4	123.8
Interest		7.9	13.6
Taxation		26.5	21.0
Dividends		3	.3
Balance available for profit sharing and retention in the business		104.7	88.9
Partnership bonus		47.4	41.3
Retained in the business to offset inflation		5.2	4.8
Retained in the business for development		52.1	42.8
Retained in the business for development—Extraordinary item			18.6
Capital employed	Net assets employed at the year end	592.0	660.7
Numbers employed	Employees (weighted for part-timers)	29,000	29,800
Number of shops	Department stores	22	23
	Supermarkets	85	88

Five year record

	Years ended January				
	1986 £m	1987 £m	1988 £m	1989 £m	1990 £m
Turnover	1,369.6	1,568.4	1,724.8	1,917.7	2,046.3
Profit after payment of interest	93.6	118.7	136.0	148.2	119.6
Pension costs	11.5	13.3	14.7	16.7	9.4
Taxation	21.6	23.9	27.6	26.5	21.0
Dividends	.8	.6	.5	.3	.3
Net profit available for profit sharing and retention in the business	59.7	80.9	93.2	104.7	88.9
Partnership bonus	30.5	42.2	46.2	47.4	41.3
As a percentage of ranking pay	20	24	24	22	17
Retained for use in the business	29.2	38.7	47.0	57.3	47.6
Retained in the business—Extraordinary item					18.6
Net assets employed	59.7	80.9	93.2	104.7	107.5
Pay	361.6	399.2	546.1	592.0	660.7
Number of employees including part-time employees	164.2	189.4	209.3	238.9	266.6
	32,300	34,100	35,800	37,900	38,800
	10,900	11,500	12,800	13,900	14,400

JOHN LEWIS plc

Statement by the Chairman Mr P T Lewis

The usually reliable growth in the Partnership's profit was halted in 1989/90, partly by the economic climate, which particularly affected our highly developed home furnishing sales, and partly from our own need to catch up with our physical expansion by improving distribution arrangements and central offices. The level of profit, although below the previous year, was nonetheless in the circumstances satisfactory. The Partnership's cash flow generated on its own almost sufficient to cover the cost of current capital investment, and the distributable profit delivered Partnership Bonus to all our Partners (over 32,000) at the rate of 17% of their year's pay. This rate of Partnership Bonus did not quite match the average percentage level achieved in the exceptionally buoyant years of the mid-'80s (when it rose on average to 20% p.a.) but was still a healthy demonstration of the Partnership's unique arrangements, being, as it always is, a clear add-on to commercial pay.

Total sales for the year increased by £129m (7%) to over £2bn. The sales of our manufacturing units increased by £7m, our department stores by £46m, and Waitrose by £76m. On our department store side progress became steadily more difficult through the year, the sales increase declining from 6% to 3½%. Sales for Waitrose varied little between the two halves of the year, and tended to be supported towards the end by steadily rising inflation in food prices. Waitrose added three new supermarkets in the course of the year, at New Malden, in Maidenhead and in Bath. All three made a satisfactory start. Two other Waitrose supermarkets were also re-located in larger and fully modernised premises. In the autumn the Partnership opened a new department store in Aberdeen. The volume sales in our department stores were approximately level with the previous year, and between 2% and 3% higher in Waitrose.

Expenses continued to rise quite sharply, essentially in pay, and in the difficult trading conditions outpaced sales. The Partnership's pre-tax profit (£110m) fell 16%. The fall would have been greater but for a £7m reduction in the annual cost of funding our non-contributory pension scheme. The stock market and the Pension Fund's performance have exceeded our actuary's expectations to

the extent that we have been advised for the future to halve our rate of annual contribution.

The current year, 1990/91, will again see significant expansion in the Partnership's business - new department store premises and more Waitrose supermarkets. In anticipation of this the Partnership took an opportunity early in 1989 to increase its long-term borrowings by issuing a 25-year £100m Eurobond, raising long-term borrowings at the end of the year from £56m to £156m. Interest payments were covered 9 times by pre-tax profits.

In the course of 1990 we shall complete a large extension to our department store in Norwich (Bonds), we shall transfer the established department store of Frewins in Watford to new premises almost twice as large in the new Harlequin Centre, and in the early autumn we shall open a new department store beside the Thames in the heart of Kingston. These three investments take advantage of modern opportunities and our expectations for the future. Unfortunately the opposite is true for two of our smaller London suburban department stores which have their origin in the nineteenth century, but for which regrettably we cannot see a profitable future in modern circumstances. These are Jones Brothers of Holloway and Pratts of Streatham. They will close in July. These changes will leave the Partnership's department store group with 22 branches at the end of 1990. Waitrose will open 6 new supermarkets and re-locate or enlarge another 4, bringing the size of their group by the end of the year to 94 supermarkets. Sales of each of these two divisions are estimated to exceed a billion pounds this year.

After 11 weeks of the current trading year the Partnership's sales are 6% ahead of last year, department stores + 2% and Waitrose + 10%. There is very little doubt that growth in sales will be less than we have been accustomed to, and that inescapable inflation in costs will mean a lower profit for the year. But I am confident that our expenditure as a whole, whether of capital by way of investment or against revenue by way of reinforcing our business, will keep the Partnership essentially sound through the next few more difficult years.

JOHN LEWIS plc

Directors' report for the year ended 27th January 1990

Directors

The directors of the company are as listed on page 3. Mr J S Sadler resigned from the Board on 6th May 1989 and was succeeded as Deputy Chairman on 7th May 1989 by Mr S Hampson. Mr D I Felwick was appointed a director on 7th September 1989.

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 John Lewis Partnership plc. There is full, prompt and regular information on all its 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 fully 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 22, comprising 23 department stores, 88 Waitrose supermarkets and ancillary manufacturing activities.

Use of profits

Preference dividends absorbed £90,000 and an interim dividend of £200,000 has been paid on the Ordinary Shares leaving £66,161,000 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.

Inflation

The directors consider it appropriate to reflect the effect of inflation in the accounts by setting aside a separate sum each year as a retention.

The retention is based on the effect of inflation on working capital requirements and the replacement cost of fixtures and fittings as explained in Notes 1 and 18 to the accounts.

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.

The following further personal interests in John Lewis Partnership plc 7½% Cumulative Preference Stock at 29th January 1989 and 27th January 1990 have been registered: Mr G P K Miller £1,200.

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.

Charitable donations

The group donated £783,000 for charitable purposes during the year but made no political donations.

For and by order of the Board
B J Pritchard Secretary
23rd April 1990

JOHN LEWIS plc

Consolidated profit and loss account for the year ended 27th January 1990

Notes		1990 £m	1989 £m
2	Turnover	2,046.3	1,917.7
	Value added tax	173.7	164.0
		1,872.6	1,753.7
	Cost of sales	1,320.8	1,243.4
	Gross profit	551.8	510.3
	Selling and distribution costs	366.5	324.6
	Administrative costs	52.1	29.3
4	Pension costs	9.4	16.7
	Trading profit	123.8	139.7
3	Interest	13.6	7.4
5	Profit before Partnership bonus and taxation	110.2	131.5
	Partnership bonus	41.3	47.4
	Profit on ordinary activities before taxation	68.9	84.1
6	Tax on profit on ordinary activities	21.0	26.5
	Profit on ordinary activities after taxation	47.9	57.6
7	Extraordinary item	18.6	
8	Profit for the financial year	66.5	57.6
9	Dividends	.3	.3
18	Profit retained to offset inflation	4.8	5.2
17	Profit retained for development	61.4	52.1

JOHN LEWIS plc

Consolidated balance sheet as at 27th January 1990

Notes		1990 £m
	Fixed assets	
11	Tangible assets	712.6
	Current assets	
13	Stocks	164.5
14	Debtors	157.1
	Investments - short term deposits	20.0
	Cash at bank and in hand	18.7
		360.3
	Creditors	
15	Amounts falling due within one year	253.6
	Net current assets	106.7
	Total assets less current liabilities	819.3
	Creditors	
15	Amounts falling due after more than one year	158.6
	Net assets	660.7
	Capital and reserves	
16	Called up share capital	9.0
17	Share premium account	1.9
17	Revaluation reserve	161.1
17	Other reserves - capital	1.4
17	Profit and loss account - accumulated profit	487.3
	Total capital employed	660.7

Approved by the Board on 23rd April 1990.

P T Lewis
S Hampson

P Lewis
S Hampson

JOHN LEWIS plc

Balance sheet as at 27th January 1990

Notes		1990 £m	
	Fixed assets		
11	Tangible assets	243.7	
12	Investments in subsidiaries	132.8	
		376.5	
	Current assets		
13	Stocks	107.5	
14	Debtors	143.9	
	Investments - short term deposits	20.0	
	Cash at bank and in hand	15.9	
		287.3	
	Creditors		
15	Amounts falling due within one year	306.8	
	Net current liabilities	19.5	
	Total assets less current liabilities	357.0	
	Creditors		
15	Amounts falling due after more than one year	152.4	
	Net assets	204.6	
	Capital and reserves		
16	Called up share capital	9.0	
17	Share premium account	1.9	
17	Revaluation reserve	4.9	
17	Profit and loss account - accumulated profit	188.8	
	Total capital employed	204.6	

Approved by the Board on 23rd April 1990.

P T Lewis
S Hampson

P T Lewis
S Hampson

JOHN LEWIS plc

Statement of source and use of funds for the year ended 27th January 1990

Source of funds

	1990 £m
Arising from trading:	
Profit before Partnership bonus and taxation	110.2
Adjustment for items not involving a movement of funds:	
Depreciation	30.9
Funds from other sources:	141.1
Proceeds from sale of fixed assets	40.9
Loans	100.0
Total inflow	282.0

Use of funds

Additions to land and buildings	91.1
Additions to fixtures and fittings	46.1
Acquisition of subsidiary	
Repayment of loans and debentures	
Net expenses of Bond issue	1.4
Corporation tax paid	20.2
Dividends paid	.3
Partnership bonus declared for the previous year	47.7
Purchase of shares in subsidiary	
Increase/(decrease) in working capital:	206.8
Stocks	4.3
Debtors	18.8
Creditors	(4.2)
Total outflow	225.7
Net inflow/(outflow)	56.3
Increase/(decrease) in cash and deposits	36.3
(Increase)/decrease in loans and bank overdraft	20.0

JOHN LEWIS plc

Notes on the accounts

1 Accounting policies

The consolidated profit and loss account and balance sheet include the accounts of the company and all subsidiaries.

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 valuations made in 1988 and 1990. The valuations were made on the basis that each property was regarded as available for existing use in the open market. Recent additions are carried at cost until they reach full trading potential. The surplus arising on the revaluation of properties is credited to revaluation reserve.

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 1/3%

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 foreseeable future.

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

The profit for the year is allocated in the consolidated profit and loss account between that part which is required to provide against the effect of inflation on the replacement cost of fixtures and fittings and working capital requirements, and that part which is available for future expansion and development of the group in real terms.

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.

3 Interest

Interest payable:	1990	
	£m	
On bank loans, overdrafts and other loans repayable within 5 years	3.7	
On all other loans	12.3	
Interest receivable	(2.4)	
	13.6	

Notes on the accounts continued

9 Dividends	1990 £m
5% (now 3.5% plus tax credit) First Cumulative Preference Stock	1
and 7% (now 4.9% plus tax credit) Cumulative Preference Stock	2
Ordinary Shares	3

10 Directors and employees	1990 £000
Directors' remuneration including pension fund contributions and Partnership bonus of 17% was as follows:	
Remuneration as managers	1,464
Pensions to past directors	7
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:	
Chairman	£206,281
Other directors:	
£30,001 - £35,000	1
£40,001 - £45,000	1
£50,001 - £55,000	
£70,001 - £75,000	1
£80,001 - £85,000	1
£85,001 - £90,000	
£90,001 - £95,000	2
£95,001 - £100,000	
£100,001 - £105,000	2
£105,001 - £110,000	1
£110,001 - £115,000	1
£115,001 - £120,000	
£120,001 - £125,000	
£125,001 - £130,000	
£130,001 - £135,000	
£135,001 - £140,000	2
£140,001 - £145,000	1
£145,001 - £150,000	1
£150,001 - £155,000	1
£155,001 - £160,000	1

Excluding pension fund contributions but including Partnership bonus, the emoluments of employees other than directors receiving remuneration of more than £30,000 per annum were as follows:

Income	1990	1989	1990	
£30,001 - £35,000	114	179	£75,001 - £80,000	3
£35,001 - £40,000	82	88	£80,001 - £85,000	1
£40,001 - £45,000	5	6	£85,001 - £90,000	1
£45,001 - £50,000	28	27	£90,001 - £95,000	1
£50,001 - £55,000	21	16	£100,001 - £105,000	1
£55,001 - £60,000	13	17	£105,001 - £110,000	1
£60,001 - £65,000	12	17	£110,001 - £115,000	1
£65,001 - £70,000	13	18	£115,001 - £120,000	1
£70,001 - £75,000	5	12	£120,001 - £125,000	1
			£125,001 - £130,000	1
			£130,001 - £135,000	1
			£135,001 - £140,000	1

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

Department stores	21,500	19,000
Supermarkets	16,000	15,000
Other	3,300	1,000

JOHN LEWIS plc

Notes on the accounts continued

11 Tangible assets	Consolidated	Land and buildings £m	Furniture and fittings £m	Payments on account and assets in course of construction £m	Total £m
Cost or valuation					
At 28th January 1989		458.6	219.9	77.4	746.9
Additions at cost		18.9	45.4	72.9	137.2
Revaluation adjustment		3.9			3.9
Transfers		61.6	1.2	(62.8)	
Disposals		(20.0)	(11.1)		(31.1)
At 27th January 1990		523.0	246.4	87.5	856.9
At cost		253.2	246.4	87.5	587.1
At valuation 1988		269.8			269.8
		523.0	246.4	87.5	856.9
Depreciation					
At 28th January 1989		25.0	97.2		122.2
Charge for the year		8.2	22.7		30.9
On disposals		(4)	(8.4)		(12.4)
At 27th January 1990		32.8	111.5		144.3
Net book values at 28th January 1989		433.6	113.7	77.4	624.7
Net book values at 27th January 1990		490.2	134.9	87.5	712.6
				1990 £m	
Land and buildings at cost or valuation:					
Freehold property				294.4	
Leasehold property, 50 years or more unexpired				183.9	
Leasehold property, less than 50 years unexpired				44.7	
				523.0	

Included in land and buildings at 27th January 1990 is land valued at £104.5m, which is not subject to depreciation.

If they had not been revalued, land and buildings at 27th January 1990 would have been included at the following amounts

Cost	372.8
Accumulated depreciation	43.7
	329.1

Notes on the accounts continued

11 Tangible assets (continued) 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 28th January 1989	64.2	106.3	46.0	216.5
Additions at cost	10.3	30.6	53.0	93.9
Revaluation adjustment	3.4	—	—	3.4
Transfers	30.7	14.6	(30.0)	15.3
Disposals	(11.3)	(8.7)	—	(20.0)
At 27th January 1990	97.3	142.8	69.0	309.1
At cost	53.6	142.8	69.0	265.4
At valuation 1988	43.7	—	—	43.7
	97.3	142.8	69.0	309.1
Depreciation				
At 28th January 1989	1.0	48.0	—	49.0
Charge for the year	1.0	14.0	—	15.0
Transfers	—	7.7	—	7.7
On disposals	(.2)	(6.1)	—	(6.3)
At 27th January 1990	1.8	63.6	—	65.4
Net book values at 28th January 1989	63.2	58.3	46.0	167.5
Net book values at 27th January 1990	95.5	79.2	69.0	243.7
			1990 £m	1989 £m
Land and buildings at cost or valuation:				
Freehold property			28.7	5.1
Leasehold property, 50 years or more unexpired			66.4	5.3
Leasehold property, less than 50 years unexpired			2.2	1.4
			97.3	11.8
Included in land and buildings at 27th January 1990 is land valued at £7.2m, which is not subject to depreciation.				
If they had not been revalued, land and buildings at 27th January 1990 would have been included at the following amounts:				
Cost			95.0	61.6
Accumulated depreciation			4.4	3.0
			90.6	58.6

JOHN LEWIS plc

Notes on the accounts continued

12 Investments in subsidiaries

	Shares in group companies £m	Loans to group companies £m	Total £m
At 28th January 1989	48.0	119.5	167.5
Movements		(40.2)	(40.2)
Dividends receivable		5.5	5.5
At 27th January 1990	48.0	84.8	132.8

Wholly owned subsidiaries of John Lewis plc

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
 Leekford Estate Limited

The whole of the ordinary share capital is held within the group. The list excludes 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.

The accounts of Waitrose Limited are audited by Kidsons. The share of group turnover and profit on ordinary activities before taxation attributable to Waitrose Limited is 47% (46% and 30% (26%) respectively).

13 Stocks

Consolidated	1990 £m
Raw materials and work-in-progress	9.6
Finished goods	154.9
	164.5
Company	
Raw materials and work-in-progress	.6
Finished goods	106.9
	107.5

JOHN LEWIS plc

Notes on the accounts continued

14 Debtors	Consolidated	1990 £m	
	Amounts falling due within one year:		
	Trade debtors	110.5	
	Other debtors	5.6	
	Pension fund prepayment	9.2	
	Prepayments and accrued income	9.2	
		134.5	
	Amounts falling due after more than one year:		
	Trade debtors	22.6	
	Total debtors	157.1	
	Company		
	Amounts falling due within one year:		
	Trade debtors	103.0	
	Other debtors	3.3	
	Prepayments and accrued income	15.0	
		121.3	
	Amounts falling due after more than one year:		
	Trade debtors	22.6	15.0
	Total debtors	143.9	

JOHN LEWIS plc

Notes on the accounts continued

15 Creditors	Consolidated	1990 £m	
	Amounts falling due within one year:		
	Loans and bank overdraft	107.7	
	Trade creditors	1.4	
	Holding company	13.1	
	Other creditors	25.5	
	Corporation tax	3.2	
	Corporation tax deferred	43.6	
	Other taxation and social security	17.8	
	Accruals and deferred income	2	
	Proposed dividend	41.1	
	Partnership bonus		
		253.6	
	Amounts falling due after more than one year:		
	Due by instalments after 5 years		
	– Debenture loans	1.2	
	Due other than by instalments after 5 years		
	– Debenture loans	5.0	
	– 10¼% Bonds, 2006	50.0	
	– 10½% Bonds, 2014	100.0	
	Other creditors	2.4	
		158.6	
	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	5.0	
	8¼% Mortgage Debenture Stock, 1993/98	1.2	
		6.2	

JOHN LEWIS plc

Notes on the accounts continued

15 Creditors (continued)	Company	1990	1989
		£m	£m
	Amounts falling due within one year:		
	Loans and bank overdraft	—	23.6
	Trade creditors	92.5	60.1
	Holding company	1.4	1.0
	Owed to group companies	111.1	73.9
	Other creditors	9.9	11.8
	Corporation tax	2.1	—
	Corporation tax deferred	3.2	—
	Other taxation and social security	33.2	—
	Accruals and deferred income	13.1	11.1
	Proposed dividend	.2	—
	Partnership bonus	40.1	48.5
		306.8	291.0
	Amounts falling due after more than one year:		
	Due other than by instalments after 5 years		
	- 10¼% Bonds, 2006	50.0	61.2
	- 10½% Bonds, 2014	100.0	—
	Other creditors	2.4	—
		152.4	61.2
		459.2	352.2
16 Share capital	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	—
	Ordinary Shares of £1 each	6.8	6.8
		9.0	8.3

Notes on the accounts continued

17 Reserves	Consolidated	Share premium £m	Revaluation reserve £m	Other reserves - capital £m	Profit and loss account £m	Total reserves £m
	At 28th January 1989	3.3	169.2	1.4	409.1	583.0
	Premium on Bond issue	3	—	—	—	.3
	Profit retained to offset inflation	—	—	—	4.8	4.8
	Profit retained for development	—	—	—	61.4	61.4
	Expenses of Bond issue	(1.7)	—	—	—	(1.7)
	Revaluation surplus	—	3.9	—	—	3.9
	Transfers	—	(12.0)	—	12.0	—
	At 27th January 1990	1.9	161.1	1.4	487.3	651.7
	Company		Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total reserves £m
	At 28th January 1989		3.3	5.2	157.5	166.0
	Premium on Bond issue		3	—	—	—
	Profit retained for development		—	—	27.6	27.6
	Expenses of Bond issue		(1.7)	—	—	(1.7)
	Revaluation surplus		—	3.4	—	3.4
	Transfers		—	(3.7)	3.7	—
	At 27th January 1990		1.9	4.9	188.8	195.6
18 Inflation					1990 £m	
	Profit retained to offset inflation relates to:					
	Depreciation of fixtures and fittings				4.8	
	Working capital				—	
					4.8	
	The working capital adjustment is calculated on the basis of appropriate indices, published by the Government Statistical Service, applied to the values of stock, debtors and creditors in the preceding year. The application of these indices has shown that no adjustment is required in 1990.					
19 Commitments	At 27th January 1990 the directors had authorised capital expenditure of £123.5m of which contracts had been placed for £42.8m (£59.4m).					
20 Lease commitments	Rentals on land and buildings for the next financial year on leases expiring:					
	Within 1 year				1.7	
	Between 1 and 2 years				1.7	
	Between 2 and 5 years				3.1	
	Over 5 years				18.7	

JOHN LEWIS plc

Report of the auditors

We have audited the financial statements of John Lewis plc set out on pages 7 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 27th January 1990 and of the profit and source and use of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
London

23rd April 1990

Price Waterhouse

JOHN LEWIS plc

Retail branches

Department stores

London

John Lewis, Oxford Street
John Lewis, Brent Cross
Peter Jones, Sloane Square
Jones Brothers, Holloway
Pratts, Streatham

Southern England

Caleys, Windsor
Heelas, Reading
John Lewis, Bristol
John Lewis, High Wycombe
John Lewis, Milton Keynes
John Lewis, Welwyn
Knight & Lee, Southsea
Trevin Brothers, Warford
Tyrell and Green, Southampton

Midlands, East Anglia,

Northern England and Scotland

Bainbridge, Newcastle
Bands, 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	East Sheen	Kenton	West Ealing
Brent Cross	Enfield	Swiss Cottage	Whetstone
Chelsea	Harrow Weald	Temple Fortune	

Southern England

Allington Park	Cirencester	Cusport	Marlborough	Sunningdale
Andover	Cobham	Green Street	Marlow	Tilehurst
Banstead	Coulsdon	Green	Milton Keynes	Wallingford
Bath	Cowplain	Hapenden	New Malden	Wantage
Beaconsfield	Crowborough	Havant	Northwood	Westbourne
Berkhamsted	Didsen	Hayes	Ramsgate	Westbury Park
Birch Hill	Dorchester	Henley	Richmond	West Byfleet
Brighton	Dorking	Hertford	Romsey	Weybridge
Bromley	Epsom	Horley	Sevenoaks	Windsor
Caferham	Esher	Leighton	St Albans	Winton
Caversham	Fleet	Buzzard	Slough	Worsey
Chesham	Godalming	Exnington	Southsea	Wokingham
Chichester	Goldsworth Park	Madderhead	Stevenage	Wotton

Midlands

Blaby	Evington	Half Green	Kingthorpe
Daventry	Four Oaks	Kidderminster	Stourbridge

East Anglia

Buckhurst Hill	Newmarket	Salton Walden
Huntingdon	Peterborough	St Neots

In addition to the shops listed above, the Partnership has businesses engaged in manufacturing and farming

Stead McAlpin, Carlisle (Textile printing)
J H Birtwistle, Haslingden (Spinning and weaving)
Herbert Parkinson, Darwen (Weaving and making up)

Taylor & Penton, Weybridge (Fitted kitchen furniture and bed room)
Leckford Estate, Stourbridge (Farming)