

John Lewis plc

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Report and accounts 1984

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John Lewis plc

Notice of annual general meeting

Notice is hereby given that the fifty-sixth annual general meeting of the company will be held at 12.15 pm on Thursday the 14th day of June 1984 in the Auditorium on the fourth floor at 4 Old Cavendish Street London for the following purposes:

- 1 To receive the directors' report and accounts for the year 1983/84.
- 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 E Dickinson *Secretary*

4 Old Cavendish Street
London W1A 1EX
17th May 1984

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 136(1) and section 137(2) of the Companies Act, 1948. 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	J A Powell BA
	I A J Anderson P Falconer BA J B Foster D Gorsky MA B C G Hutchings H Legg G P K Miller MA S J G Neal BA D J Rawlings BSc P P Thomas MA
Secretary	Betty E Dickinson FCIS
Chief accountant	T M Phillips BSc (Econ), FCA
Auditors	Price Waterhouse
Solicitors	Clifford-Turner
Bankers	National Westminster Bank PLC
Registered office and Transfer office	4 Old Cavendish Street London W1A 1EX

John Lewis plc

Summary of results for the year ended 28th January 1984

		1984 £000	1983 £000
Turnover and profits	Turnover	1,072,063	922,203
	Trading profit including income from investment	63,099	44,872
	Interest	4,257	6,029
	Taxation	8,500	5,058
	Dividends	1,490	490
	Balance available for sharing and retention in the business	48,852	33,295
	Partnership bonus	25,378	17,077
	Retained in the business to offset inflation	4,200	5,200
	Retained in the business for development	19,274	11,018
Capital employed	Net assets employed at the year end	306,738	283,264
Numbers employed	Employees (weighted for part-timers)	23,600	22,700
Number of shops	Department stores	21	20
	Supermarkets	76	74

John Lewis plc

Statement by the chairman Mr P T Lewis

Retailing was good business in 1983. National retail sales grew by over 5% in real terms.

The Partnership's total sales increased by £150 million (16%) to £1,072 million. Trading profit increased by £18 million (40%) to £63 million, and after interest by £20 million (51%) to £59 million. The profit available for distribution in Partnership Bonus among those employed in the business was up by 50%, at a record level of £25 million.

There was modest growth through the year in the scale of the Partnership's operation. The number of Partners employed was higher, by about 4%, on account largely of one new department store. The Partnership employs now, for all purposes, nearly 30,000 people. Following the acquisition of two new department stores (Bonds of Norwich in 1982 and Welwyn Department Store in 1983) the Partnership now operates 21 department stores. Work of conversion is still going on in the Welwyn Department Store. There are now 76 Waitrose supermarkets, two new branches being opened in 1983, one at Goldsworth Park, Surrey, and the other in Sevenoaks, Kent.

No increase in borrowing was required to fund acquisitions, building, or growth in trade. Average borrowing during the year was £46 million, £7 million lower than in 1982.

New capital expenditure, on the other hand, was higher – amounting to some £36 million, fairly equally split between Waitrose and department stores, although there was a significant content also for central computer installations. In all, capital expenditure was about 50% more than the year before.

Some part of the 16% sales increase can be ascribed to the net additions to selling space, but, excluding that, the Partnership's sales were significantly higher than the increase in national sales of all retailers. Our department store sales rose by over 14%, to £572 million, and included £100 million turnover in John Lewis Oxford Street. Waitrose sales increased by over 18%, to £488 million. Gross margins improved in both sections of the business, and trading expenses

grew less fast than the sales in both cases. The improvement in labour productivity we put at 8%.

As a result, the surplus available for division between retentions and Partnership Bonus (the distribution of profit to Partners) increased by over £17 million (62%). Of that profit, the Partnership retained £20 million for future expansion and development, bringing the full cash flow for the year (depreciation, inflation adjustment and retained profits) up to £37 million, compared with £29 million for the year before.

Partnership Bonus was distributed at the rate of 21% of individual earnings for all Partners. That means that a Partner on average earnings in 1983 will have received in Partnership Bonus, before tax, £1,155, the first time the distribution of profit has meant a Bonus in excess of £1,000 for someone on average pay.

The level of profitability in the last two years has led the Partnership to consider whether some improvements could be introduced in conditions of service. Widespread discussion and debate took place, and it was agreed that priority should be given to raising the minimum holiday entitlement for ~~most~~ Partners with more than ~~two~~ years' service, from four weeks to five weeks per annum. That is in effect in the current year. Some existing benefits were also extended to part-time workers, notably non-contributory pensions for those working at least twenty hours a week.

It is not possible to be certain what the effect of the recent Budget will be over the next three or four years, but I would guess that the changes announced affecting corporation tax, capital allowances and stock relief will result in the Partnership paying more tax than it would have under the previous rules.

I am not expecting the Partnership to enjoy similar increases in 1984. Currently sales after 11 weeks of 1984/85 are showing increases of 17% for Waitrose and 8% for department stores – handsome for Waitrose, less than anticipated at this stage for our department stores, but there is still a long way to go.

three

John Lewis plc

Subsidiary companies as at 28th January 1984

Wholly owned subsidiaries of John Lewis plc

John Lewis Properties plc
Waitrose Limited
Cavendish Textiles Limited
Stead, McAlpin & Company Limited
Herbert Parkinson Limited
John Lewis Overseas Limited
Bonds (Norwich) Limited
Welwyn Department Store Limited

Wholly owned subsidiary of John Lewis Properties plc

Cole Brothers Limited

The whole of all classes of share capital is held within the group. The list excludes companies which have no material effect on the accounts of the group. The ultimate holding company is John Lewis Partnership plc which is incorporated in England. 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 45% (45%) and 37% (35%) respectively.

Directors' report for the year ended 28th January 1984

Directors

The directors of the company are as listed on page 3. At the annual general meeting all the directors, except the Chairman, will retire in accordance with the Articles of Association.

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 24, comprising 21 department stores, 76 Waitrose supermarkets and ancillary manufacturing activities.

Acquisition

The company acquired the whole of the issued share capital of Welwyn Department Store Limited during the year.

Appropriation of profits

The consolidated profit and loss account shows that the profit for the year attributable to John Lewis plc

amounted to £24,964,000. Preference dividends absorbed £90,000 and an interim dividend of £1,400,000 has been paid on the Ordinary Shares leaving £23,474,000 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 accounting

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.

As explained in Notes 1 and 19 to the accounts, the retention is based on the effects of inflation on working capital requirements and the replacement cost of fixtures and fittings.

The directors consider that no advantage would derive from the introduction of a second set of inflation adjusted accounts and have decided that, as before, current cost accounts in the form prescribed by SSAP 16 will not be published.

Directors' interests

The following interests in John Lewis Partnership plc 5% and 7½% Cumulative Preference Stock at 29th January 1983 and 28th January 1984 have been registered:

	1984	1983
	£	£
G P K Miller – 7½%	1,200	1,200
J A Powell – 5%	256	256

All the directors, as employees of John Lewis plc, are 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.

Charitable donations

The group donated £352,000 for charitable purposes during the year but made no political donations.

For and by order of the board
B E Dickinson *Secretary*
17th April 1984

John Lewis plc

Consolidated profit and loss account for year ended 28th January 1984

Notes		1984 £000	1983 £000
2	Turnover	1,072,063	922,203
	Value added tax	91,273	78,847
		980,790	843,358
	Cost of sales	716,495	618,427
	Gross profit	264,295	224,929
	Selling and distribution costs	178,455	159,020
	Administrative costs	16,295	15,988
3	Other operating income	(1,051)	(581)
	Pension costs	7,741	5,750
	Trading profit	62,855	44,752
	Income from investment	(244)	(120)
4	Interest	4,257	6,029
5	Profit before Partnership bonus and taxation	58,842	38,843
	Partnership bonus	25,378	17,077
	Profit on ordinary activities before taxation	33,464	21,766
8	Tax on profit on ordinary activities	8,500	5,058
9	Profit for the financial year	24,964	16,708
10	Dividends	1,490	490
19	Profit retained to offset inflation	4,200	5,200
	Profit retained for development	19,274	11,018

John Lewis plc

Consolidated balance sheet as at 28th January 1984

Notes		1984 £000	1983 £000
	Fixed assets		
11	Tangible assets	285,976	271,148
12	Investment in affiliated company	1,784	1,116
		297,760	272,264
	Current assets		
14	Stocks	94,794	86,088
15	Debtors	78,131	67,723
	Cash at bank and in hand	6,648	1,132
		179,573	154,943
	Creditors		
16	Amounts falling due within one year	136,113	99,194
	Net current assets	43,460	55,749
	Total assets less current liabilities	341,220	328,013
	Creditors		
16	Amounts falling due after more than one year	34,482	44,749
	Net assets	306,738	283,264
	Capital and reserves		
17	Called up share capital	9,000	9,000
18	Share premium account	4,371	4,371
18	Revaluation reserve	81,393	83,281
	Other reserves – capital	1,365	1,365
18	Profit and loss account – accumulated profit and other retentions	210,609	185,247
	Total capital employed	306,738	283,264

Approved by the Board on 17th April 1984.

P T Lewis
J A Powell

J. Lewis
J.A. Powell

John Lewis plc

Balance sheet as at 28th January 1984

Notes		1984 £000	1983 £000
	Fixed assets		
11	Tangible assets	56,872	50,819
13	Investments in subsidiaries	86,409	85,086
12	Investment in affiliated company	1,784	1,116
		145,065	137,021
	Current assets		
14	Stocks	48,174	41,835
15	Debtors	51,978	44,998
	Cash at bank and in hand	4,478	389
		104,630	87,222
	Creditors		
16	Amounts falling due within one year	137,153	107,644
	Net current liabilities	32,523	20,422
	Total assets less current liabilities	112,542	116,599
	Creditors		
16	Amounts falling due after more than one year	25,000	35,009
	Net assets	87,542	81,590
	Capital and reserves		
17	Called up share capital	9,000	9,000
18	Share premium account	4,371	4,371
18	Revaluation reserve	2,252	2,374
18	Profit and loss account – accumulated profit and other retentions	71,919	65,845
	Total capital employed	87,542	81,590

Approved by the Board on 17th April 1984.

P T Lewis
J A Powell

P T Lewis
J A Powell

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.

Rentals receivable, less provision for amortisation of the cost of leased equipment, are credited to profit and loss account over the primary period of each lease so as to give a constant periodic rate of return on the net cash investment in each period, taking into account the effects of taxation.

Land and buildings are included at valuations made in 1974 and 1980 or at cost. 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 net 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 so as to write off the book amount of these assets over the expected life. The following rates have been used:

Freehold buildings and long (over 100 years) leaseholds	—	1% to 4%
Other leaseholds	—	over the remaining period of the lease
Fixtures and fittings	—	10% to 33⅓%

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

The profit for the year retained in the group is allocated in the consolidated profit and loss account between that part which is required to provide against the effects 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 activities.

The business is carried on in the United Kingdom and the turnover derives mainly from that source.

John Lewis plc

Notes on the accounts (continued)

3 Other operating income		1984 £000	1983 £000
	Profit on sale of properties	(1,051)	(638)
	Refurbishment of newly acquired department store	—	57
		<u>(1,051)</u>	<u>(581)</u>
4 Interest	Interest payable:		
	On bank loans, overdrafts and other loans repayable within 5 years	2,958	5,769
	On all other loans	2,855	3,312
	Interest receivable	(1,556)	(3,052)
		<u>4,257</u>	<u>6,029</u>
5 Profit before Partnership bonus and taxation	Profit before Partnership bonus and taxation is stated after charging the following:		
		1984 £000	1983 £000
	Staff costs excluding Partnership bonus:		
	<i>Pay</i> Wages and salaries	129,740	115,625
	Social security costs	14,439	14,291
	Other pension costs	7,741	5,750
	Depreciation	12,851	12,405
	Auditors' remuneration	174	158
	Rental of leased equipment	473	592
6 Contributions to pension funds	The benefits of the pension scheme, privately administered and non-contributory, are funded by a contribution expressed as a percentage of the paysheet. The rate of contribution was 6% in 1983/84. In addition, the Partnership pays some pensions out of profits, mainly to adjust pensions already granted to take account of changes in prices. The charge to the Partnership's accounts in respect of additional pensions was £240,000 in 1983/84.		

Notes on the accounts (continued)

7 Directors and employees

Directors' remuneration including pension fund contributions and Partnership bonus of 21% (16%) was as follows:

	1984 £000	1983 £000
Remuneration as managers	689	589
Pensions to past directors	6	1

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:

	1984	1983
Chairman	£75,538	£74,850
after a waiver of:	£15,707	£11,967
Other directors:	Number	Number
£30,001 – £35,000	–	3
£35,001 – £40,000	1	3
£40,001 – £45,000	5	2
£45,001 – £50,000	2	–
£50,001 – £55,000	–	2
£55,001 – £60,000	1	1
£60,001 – £65,000	1	–
£65,001 – £70,000	1	–

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

	Number	Number
£30,001 – £35,000	19	7
£35,001 – £40,000	7	1
£40,001 – £45,000	1	1
£55,001 – £60,000	1	1
£65,001 – £70,000	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	18,000	17,500
Supermarkets	10,650	9,800
Other	850	900

John Lewis plc

Notes on the accounts (continued)

8 Tax on profit on ordinary activities		1984 £000	1983 £000
	Corporation tax based on the profit for the year	9,547	5,998
	Group relief	10	5
	Corporation tax – previous years	(1,057)	(943)
		8,500	5,058
The tax charge is based on a corporation tax rate of 50.3% (52%).			
	The taxation charge for the year has been reduced by:	1984 £000	1983 £000
	Capital allowances in excess of depreciation	6,988	4,877
	Stock relief	2,584	2,247
		9,572	7,124
Total taxation deferred in respect of capital allowances in excess of depreciation amounts to £53,546,000 (£46,558,000).			
No provision has been made in these accounts for the liability to taxation of capital gains amounting to £27,760,000 (£24,978,000), which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.			
26,760,000			
9 Profit for the financial year		1984 £000	1983 £000
	Dealt with in the accounts of John Lewis plc	7,442	3,774
	Retained by subsidiaries	17,522	12,934
		24,964	16,708
10 Dividends	5% (now 3½ % plus tax credit) First Cumulative Preference Stock	53	53
	7% (now 4.9% plus tax credit) Cumulative Preference Stock	37	37
	Ordinary Shares	1,400	400
		1,490	490

John Lewis plc

Notes on the accounts (continued)

11 Tangible assets

Consolidated

	Land and Buildings £000	Fixtures and Fittings £000	Payments on account and assets in course of construction £000	Total £000
Cost or valuation				
At 29th January 1983	235,160	78,645	6,255	320,060
Additions at cost	9,520	16,601	9,695	35,816
Acquisition	4,500	—	—	4,500
Transfers	10,341	2,675	(13,016)	—
Disposals	(1,300)	(3,299)	(751)	(5,350)
At 28th January 1984	258,221	94,622	2,183	355,026
At cost	112,756	94,622	2,183	209,561
At valuation 1974	2,583	—	—	2,583
At valuation 1980	142,882	—	—	142,882
	258,221	94,622	2,183	355,026
Depreciation				
At 29th January 1983	10,749	38,163	—	48,912
Charge for the year	3,881	8,970	—	12,851
Transfers	501	(501)	—	—
On disposals	(108)	(2,605)	—	(2,713)
At 28th January 1984	15,023	44,027	—	59,050
Net book values at 29th January 1983	224,411	40,482	6,255	271,148
Net book values at 28th January 1984	243,198	50,595	2,183	295,976
			1984 £000	1983 £000
Land and buildings at cost or valuation:				
Freehold property			117,640	97,283
Leasehold property, 50 years or more unexpired			118,835	119,414
Leasehold property, less than 50 years unexpired			21,746	18,463
			258,221	235,160

Included in land and buildings at 28th January 1984 is land valued at £36,777,000, which is not subject to depreciation.

If they had not been revalued, land and buildings at 28th January 1984 would have been included at the following amounts:

	£000	£000
Cost	180,995	157,845
Accumulated depreciation	18,721	14,973
	162,274	142,872

Notes on the accounts (continued)

11 Tangible assets (continued)	Company	Land and Buildings	Fixtures and Fittings	Total
		£000	£000	£000
Cost or valuation				
At 29th January 1983		37,829	29,220	67,049
Additions at cost		530	7,956	8,486
Transfers		—	2,936	2,936
Disposals		—	(1,605)	(1,605)
At 28th January 1984		38,359	38,507	76,866
At cost		33,017	38,507	71,524
At valuation 1980		5,342	—	5,342
		38,359	38,507	76,866
Depreciation				
At 29th January 1983		1,093	15,137	16,230
Charge for the year		536	3,903	4,439
Transfers		—	332	332
On disposals		—	(1,007)	(1,007)
At 28th January 1984		1,629	18,365	19,994
Net book values at 29th January 1983		36,736	14,083	50,819
Net book values at 28th January 1984		36,730	20,142	56,872
			1984 £000	1983 £000
Land and buildings at cost or valuation:				
Freehold property			15	15
Leasehold property, 50 years or more unexpired			36,551	36,033
Leasehold property, less than 50 years unexpired			1,793	1,781
			38,359	37,829
Included in land and buildings at 28th January 1984 is land valued at £15,000, which is not subject to depreciation.				
If they had not been revalued, land and buildings at 28th January 1984 would have been included at the following amounts:				
		£000	£000	
Cost		35,921	35,392	
Accumulated depreciation		1,445	1,030	
		34,476	34,362	

Notes on the accounts (continued)

12 Investment in affiliated company

	Shares £000	Loans £000	Total £000
At 29th January 1983	—	1,085	1,116
Additions and advances	—	668	668
At 28th January 1984	31	1,753	1,784

Shares and loans relate to Leckford Estate Limited, a company controlled by its Preference shareholders. 100% of the issued and fully paid ordinary shares are owned by the group and are included at cost. The capital and reserves of Leckford Estate Limited at 30th September 1983 were as follows:

	£
Ordinary shares of £1 each	25
6% (now 4.2% plus tax credit)	
Preference shares	75
Reserves	126,761
	<u>126,861</u>

The profit of Leckford Estate Limited for the year to 30th September 1983 was £320,697 before tax and £244,927 after tax. After distributions of 6% on the preference shares and £244,000 on the ordinary shares the balance of profit, £924, increased reserves to £126,761 to which ordinary shareholders are entitled unless the company goes into liquidation, whereupon they are entitled to 25% of such retained profits.

13 Investments in subsidiaries

	Shares in group companies £000	Loans to group companies £000	Total £000
At 29th January 1983	30,597	54,489	85,086
Movements	286	(808)	(522)
Dividends receivable	—	1,845	1,845
At 28th January 1984	30,883	55,526	86,409

14 Stocks

	1984 £000	1983 £000
Consolidated		
Raw materials and work-in-progress	4,153	3,760
Finished goods	90,641	82,328
	<u>94,794</u>	<u>86,088</u>
Company		
Raw materials and work-in-progress	755	625
Finished goods	47,419	41,210
	<u>48,174</u>	<u>41,835</u>

Notes on the accounts (continued)

15 Debtors	Consolidated	1984	1983
		£000	£000
	Amounts falling due within one year:		
	Trade debtors	57,618	49,400
	Other debtors	4,960	4,332
	Prepayments and accrued income	4,243	3,980
	Lease rentals receivable	221	—
		<hr/> 67,042	<hr/> 57,692
	Amounts falling due after more than one year:		
	Trade debtors	10,329	10,031
	Lease rentals receivable	760	—
		<hr/> 11,089	<hr/> 10,031
	Total debtors	<hr/> 78,131	<hr/> 67,723
	Company		
	Amounts falling due within one year:		
	Trade debtors	39,735	33,944
	Other debtors	2,767	2,009
	Prepayments and accrued income	2,412	2,338
		<hr/> 44,914	<hr/> 38,291
	Amounts falling due after more than one year:		
	Trade debtors	7,064	6,707
	Total debtors	<hr/> 51,978	<hr/> 44,998

*Notes on the accounts (continued)***16 Creditors**

Consolidated	1984 £000	1983 £000
Amounts falling due within one year:		
Bank loans and overdrafts	—	4,010
Trade creditors	63,997	39,792
Other creditors	6,228	5,821
Holding company	585	485
Taxation and social security	31,024	24,503
Accruals and deferred income	7,487	7,144
Proposed dividend	1,445	445
Partnership bonus	25,347	16,994
	136,113	99,194
Amounts falling due after more than one year:		
Debenture loans		
— within 1 to 2 years	200	—
— within 2 to 5 years	—	273
Bank loans		
— within 2 to 5 years	10,000	15,000
Due by instalment after 5 years		
— Debenture loans	4,273	4,406
— Bank loans	15,000	20,000
Due other than by instalments after 5 years		
— Debenture loans	5,000	5,000
Other creditors	9	70
	34,482	44,749
Total of instalment payments due after 5 years	13,693	17,406

11,826

Debentures (secured on land and buildings)

John Lewis Properties plc

4% Mortgage Debenture Stock, 1971/85	200	273
5½% Mortgage Debenture Stock, 1984/89	303	324
6¼% Mortgage Debenture Stock, 1984/89	455	474
10% Mortgage Debenture Stock, 1991/96	2,197	2,260
9¼% Mortgage Debenture Stock, 1992/97	5,000	5,000
8¼% Mortgage Debenture Stock, 1993/98	1,318	1,348
	9,473	9,679

John Lewis plc

Notes on the accounts (continued)

16 Creditors (continued)	Company	1984	1983
		£000	£000
	Amounts falling due within one year:		
	Bank loans and overdrafts	—	6,009
	Trade creditors	57,180	33,408
	Other creditors	3,296	2,540
	Holding company	442	485
	Taxation and social security	11,075	10,457
	Accruals and deferred income	2,517	3,770
	Proposed dividend	1,445	445
	Partnership bonus	24,827	16,627
	Owed to group companies	36,371	33,843
		137,153	107,844
	Amounts falling due after more than one year:		
	Bank loans		
	— within 2 to 5 years	10,000	15,000
	Due by instalment after 5 years		
	— Bank loans	15,000	20,000
	Other creditors	—	9
		25,000	35,009
	Total of instalment payments due after 5 years	10,000	8,000
	Bank loans are repayable mainly by instalments up to 1991 at varying rates of interest based on LIBOR <i>London inter-bank offered rates</i>		
17 Share capital	Authorised, issued and fully paid:		
	5% (now 3.5% plus tax credit)		
	First Cumulative Preference Stock	1,500	1,500
	7% (now 4.9% plus tax credit)		
	Cumulative Preference Stock	750	750
	Ordinary Shares of £1 each	6,750	6,750
		9,000	9,000

John Lewis plc

Notes on the accounts (continued)

18 Reserves

Consolidated	Share premium £000	Revaluation reserve £000	Other reserves — capital £000	Profit and loss account £000	Total reserves £000
At 29th January 1983	4,371	83,281	1,365	185,247	274,264
Profit retained to offset inflation	—	—	—	4,200	4,200
Profit retained for development	—	—	—	19,274	19,274
Transfers	—	(1,888)	—	1,888	—
At 28th January 1984	4,371	81,393	1,365	210,609	297,738

Company	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Total reserves £000
At 29th January 1983	4,371	2,374	65,845	72,590
Profit retained for development	—	—	5,952	5,952
Transfers	—	(122)	122	—
At 28th January 1984	4,371	2,252	71,919	78,542

19 Inflation

Profit retained to offset inflation relates to:	1984 £000	1983 £000
Depreciation of fixtures and fittings	3,900	4,000
Stocks	2,200	1,900
Debtors	1,100	1,400
	7,200	7,300
Less creditors	(3,000)	(2,100)
	4,200	5,200

The working capital adjustments are calculated on the basis of appropriate indices, published by the Central Statistical Office, applied to the values of stock, debtors and creditors in the preceding year.

20 Commitments

At 28th January 1984 the directors had authorised capital expenditure of £33,400,000 (£22,000,000) of which contracts had been placed for £14,500,000 (£6,800,000).

John Lewis plc

Statement of source and use of funds for the year ended 28th January 1984

Source of funds	Years ended January		1982 £000	1983 £000	1984 £000
	1980 £000	1981 £000			
Arising from trading:					
Profit before Partnership bonus and taxation	35,517	33,984	35,768	38,843	58,842
Adjustment for items not involving a movement of funds:					
Depreciation	6,669	8,436	10,600	12,405	12,851
Profit on sale of fixed assets	—	(1,937)	(3,610)	(638)	(1,051)
	42,186	40,483	42,758	50,610	70,642
Funds from other sources:					
Proceeds from sale of fixed assets	1,484	4,186	8,600	2,268	3,688
Bank loans	2,992	3,000	1,000	3,000	—
Total inflow	46,662	47,669	52,358	55,878	74,330
Use of funds					
Additions to land and buildings	17,116	19,135	18,470	13,016	17,708
Additions to fixtures and fittings	11,963	10,974	12,982	13,624	18,108
* Acquisition of subsidiary	—	—	—	953	6,540
Repayment of bank loans and debentures	201	550	443	144	10,874
Corporation tax paid	2,538	373	2,382	(702)	4,746
Dividends paid	440	689	430	490	490
Partnership bonus	13,880	14,679	12,641	15,715	17,025
	46,138	46,400	47,348	43,240	75,491
Increase/(decrease) in working capital:					
Stocks	10,234	4,230	9,617	2,395	7,108
Debtors	11,147	5,196	3,239	7,899	8,696
Creditors	(11,150)	(6,245)	3,588	(6,049)	(26,466)
Total outflow	56,369	49,581	63,792	47,485	64,829
Net inflow/(outflow)	(9,707)	(1,912)	(11,434)	8,393	9,501
Increase/(decrease) in cash	(9,707)	(1,912)	(1,586)	139	5,491
(Increase)/decrease in bank overdraft	—	—	(9,848)	8,254	4,010

* Net assets of the subsidiary acquired during the year:

	£000
Land and buildings	4,500
Stocks	1,598
Debtors	1,712
Creditors	(1,295)
Cash	25
	<u>6,540</u>

John Lewis plc

Five year record

	Years ended January				
	1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Turnover	646,225	754,260	810,074	922,203	1,072,063
Profit after payment of interest	41,129	39,794	40,683	44,593	66,583
Pension costs	5,612	5,810	4,915	5,750	7,741
Taxation	(1,122)	2,189	49	5,058	8,500
Dividends	690	430	490	490	1,490
Net profit available for profit sharing and retention in the business	35,949	31,365	35,229	33,295	48,852
Partnership bonus	14,669	12,642	15,673	17,077	25,378
As a percentage of pay	20	14	16	16	21
Retained for use in the business	21,280	18,723	19,556	16,218	23,474
	35,949	31,365	35,229	33,295	48,852
Net assets employed	155,267	245,773	265,993	283,264	306,738
<i>Pay</i> Wages and salaries	80,076	96,811	103,382	115,625	129,740
Number of employees	27,500	27,500	27,200	28,200	29,500
including part-time employees	8,900	9,000	8,800	9,100	9,600

Report of the auditors

We have audited the financial statements of John Lewis plc set out on pages 1 to 22 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of certain properties, give under that convention a true and fair view of the state of affairs of the company and the group at 28th January 1984 and of the profit and source and use of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain the current cost statements required by Statement of Standard Accounting Practice No. 16.

Price Waterhouse
Chartered Accountants
London

Price Waterhouse

17th April 1984

Retail branches

Department stores

London	John Lewis, Oxford Street Peter Jones, Sloane Square Jones Brothers, Holloway Pratts, Streatham John Lewis, Brent Cross
Southern England	Heelas, Reading John Lewis, Milton Keynes <i>Tyrell</i> Tyrell and Green, Southampton Knight & Lee, Southsea Caleys, Windsor Trewin Brothers, Watford John Lewis, Bristol
Midlands, East Anglia, Northern England and Scotland	Jessop & Son, Nottingham Robert Sayle, Cambridge John Lewis, Peterborough Bonds, Norwich Cole Brothers, Sheffield George Henry Lee, Liverpool Bainbridge, Newcastle John Lewis, Edinburgh

Waitrose supermarkets

London	Barnet Brent Cross Chelsea Chiswick	East Sheen Enfield Kensington Kenton	Swiss Cottage Temple Fortune Whetstone
Southern England	Allington Park Andover Banstead Beaconsfield Berkhamsted Birch Hill Brighton Bromley Caterham Chesham Chichester Cirencester Cobham Coulsdon Cowplain Crowborough Dibden Dorking Dunstable	Epsom Fleet Godalming Goldsworth Park Gosport Green Street Green Havant Hayes Henley Hertford Horley Leighton Buzzard Lymington Marlborough Marlow Milton Keynes	Ramsgate Romsey Sevenoaks St Albans Slough Southsea Stevenage Tilehurst Wallingford Wantage Watford Westbourne Westbury Park Weybridge Windsor Winton Witney Wokingham Woodley
Midlands	Blaby Daventry Evington	Four Oaks Hall Green Kidderminster	Kingsthorpe Stourbridge
East Anglia	Huntingdon	Newmarket	Peterborough

In addition to the shops listed above, the Partnership has businesses engaged in wholesale and export trade in textiles, and in manufacturing of which much of the production is sold through its retail branches. It also owns the business of Welwyn Department Store Limited, which is now in course of conversion to a Partnership branch.