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# JOHN LEWIS CAR FINANCE LIMITED

## COMPANY INFORMATION

Directors	Helen Weir Andrew Clark
Company Secretary and Director of Legal Services	Margaret Casely-Hayford
Registered Office	171 Victoria Street, London SW1E 5NN
Company Number	4328890
Independent Auditors	PricewaterhouseCoopers LLP

## DIRECTORS' REPORT FOR THE YEAR ENDED 26 JANUARY 2013

The directors present their report and the audited financial statements of the company for the year ended 26 January 2013

### **Directors**

The directors of the company at the date of this report are shown above. Helen Weir was appointed a director on 1 September 2012. Marisa Casson resigned as a director on 31 August 2012. Andrew Clark served throughout the period under review.

### **Principal activity**

John Lewis Car Finance Limited is incorporated and registered in England and Wales. The company enters into credit sale agreements with employees of John Lewis plc, part of the John Lewis Partnership plc group, and its subsidiary companies, to finance vehicles acquired by them and provides associated services to them.

### **Review of the business and future developments**

John Lewis Car Finance Limited is a subsidiary of John Lewis plc. Financial and operational issues are managed on a group wide basis and so, where it is relevant, the Directors' report provides information in respect of the John Lewis Partnership plc group.

John Lewis Car Finance Limited's revenue was up £55,000 (7.3%) to £812,000. The operations of the company resulted in a profit before tax of £282,000, compared to a profit before tax in the prior year of £253,000. Net assets were up by £213,000 (3.1%) to £7,183,000.

There are no plans to change the business activities of the company.

### **Key performance indicators**

Given the nature of the company's activities, the company's directors believe that key performance indicators are not necessary or appropriate for an understanding of the company's specific development, performance or the position of its business. However, key performance indicators relevant to the John Lewis Partnership plc group and which may be relevant to the company, are disclosed in the Business Review of the Annual Report and Accounts of John Lewis Partnership plc, and do not form part of this report.

### **Health and safety**

The company adopts the John Lewis Partnership plc (Partnership) group's arrangements in respect of health and safety. The Partnership is committed to going about its business in a way that avoids, so far as is reasonably practicable, causing harm to people or property, and

## **JOHN LEWIS CAR FINANCE LIMITED**

### **Health and safety (continued)**

to promoting, through its extensive occupational health service, the wellbeing of its workforce

This commitment underpins our approach to health and safety, with Partnership Board level responsibility being carried by the Director of Personnel, supported by specialist technical advisers in safety and occupational health employed within the John Lewis Partnership. We have set ourselves the ongoing target of reducing the causes of incidents through continuous improvements to our risk management process. We cannot expect to eliminate health and safety risk totally from the workplace but our current priority is to ensure that management at all levels know and understand the risks within their areas of responsibility.

### **Financial risk management**

John Lewis Car Finance Limited's financial risks are managed within the framework of the John Lewis Partnership plc group's arrangements. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the John Lewis Partnership plc group's business needs, to meet our Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the John Lewis Partnership plc group's business planning process crystallising. Details of the Partnership's financial risk management policies are included in note 22 of the Annual Report and Accounts of John Lewis Partnership plc.

### **Payments to suppliers**

The company's policy for the payment of its suppliers is to agree the terms of payment in advance and, provided a supplier fulfils the agreement, to pay promptly in accordance with those terms. Payments to suppliers are dealt with on a Partnership basis and the Partnership's trade creditors at 26 January 2013 were equivalent to 34 days of average purchases (2012: 27 days).

### **Dividends**

The share capital of the company is wholly owned by John Lewis plc. The directors do not recommend the payment of a dividend (2012: nil).

### **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 group companies. No director has or had a material interest in any contract or arrangement to which the company is or was a party.

### **Going concern**

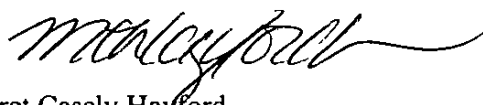
The directors, after reviewing the company's operating budgets, investment plans and financing arrangements, consider that the company has adequate resources to continue in operation for the foreseeable future. The company has, at the date of this report, sufficient financing available for its estimated requirements for the foreseeable future and, accordingly, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

## JOHN LEWIS CAR FINANCE LIMITED

### **Audit information**

The directors of the company have taken all the steps that they each ought to have taken as directors in order to make themselves aware of any information needed by the company's auditors in connection with preparing their report and to establish that the auditors are aware of that information. So far as the directors are aware there is no such information of which the company's auditors are unaware.

Approved by the directors and signed on behalf of the Board



Margaret Casely-Hayford,  
Director of Legal Services and Company Secretary

8 July 2013

**JOHN LEWIS CAR FINANCE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 26 JANUARY 2013**

Notes		Year to 26	Year to 28
		January 2013	January 2012
		£000	£000
2	Revenue	812	757
	Operating expenses	(46)	(54)
	Administrative expenses	(484)	(450)
3	Profit before tax	282	253
5	Taxation	(69)	(114)
	Profit and total comprehensive income for the year	213	139

**JOHN LEWIS CAR FINANCE LIMITED**  
**BALANCE SHEET AS AT 26 JANUARY 2013**

Notes		2013	2012
		£000	£000
	<b>Non-current assets</b>		
7	Trade and other receivables	8,471	9,478
	<b>Current assets</b>		
6	Inventories	159	408
7	Trade and other receivables	5,484	4,688
	Cash and cash equivalents	1,030	1,500
		6,673	6,596
	<b>Total assets</b>	15,144	16,074
	<b>Current liabilities</b>		
8	Trade and other payables	(7,961)	(9,104)
	<b>Total liabilities</b>	(7,961)	(9,104)
	<b>Net assets</b>	7,183	6,970
	<b>Equity</b>		
9	Share capital	7,500	7,500
	Retained earnings	(317)	(530)
	<b>Total equity</b>	7,183	6,970

The financial statements on pages 4 to 12 were approved by the directors on 8 July 2013 and signed on its behalf by



Helen Weir  
Director  
John Lewis Car Finance Limited

Company number 4328890

**JOHN LEWIS CAR FINANCE LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 26 JANUARY 2013**

	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
Balance at 29 January 2011	7,500	(669)	6,831
Profit for the year	-	139	139
Balance at 28 January 2012	7,500	(530)	6,970
Profit for the year	-	213	213
<b>Balance at 26 January 2013</b>	<b>7,500</b>	<b>(317)</b>	<b>7,183</b>

**JOHN LEWIS CAR FINANCE LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 26 JANUARY 2013**

Note	2013 £000	2012 £000
10 <b>Cash (used in)/generated from operations</b>	<b>(470)</b>	<b>637</b>
(Decrease)/increase in cash and cash equivalents	<b>(470)</b>	<b>637</b>
Cash and cash equivalents at beginning of period	<b>1,500</b>	<b>863</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,030</b>	<b>1,500</b>
<b>Cash and cash equivalents comprise:</b>		
Cash	<b>1,030</b>	<b>1,500</b>



# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the accounts

### 1 Accounting policies

#### Accounting convention and basis of consolidation

The accounts are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

These policies have been consistently applied to all the years presented unless otherwise stated

The following standards, amendments and interpretations were adopted by the company from 29 January 2012 and have not had a significant impact on the company's profit for the year, equity or disclosures

- Amendment to IAS 12 'Income taxes' on deferred tax

There are a number of new accounting standards and amendments to existing standards that have been published and are applicable for the company's accounting periods beginning on or after 27 January 2013 or later periods, but which the company has not adopted early. These are as follows

- IFRS 13 'Fair value measurement',
- Amendment to IAS 1 'Presentation of financial statements';

These are not expected to have a material impact on the company's profit or loss, for future years, or equity, but may affect disclosures

#### Accounting for credit sale agreements

John Lewis Car Finance Limited enters into credit sale agreements with employees of John Lewis plc to finance vehicles acquired by them. These agreements include a guaranteed residual value buyback option which allows the employees of John Lewis plc to request John Lewis Car Finance Limited to purchase the vehicle at the end of the agreement term for a guaranteed value determined at inception but subject to age, mileage and vehicle condition. The pricing of the guaranteed residual value is such that no significant gains or losses arise on the re-sale of vehicles that have been purchased back from employees of John Lewis plc.

The terms of the arrangement determine that the significant risks and rewards of the vehicles are with the employees of John Lewis plc. As such, the credit sale agreements are accounted for as receivables, and finance income included in and associated with the credit sale agreements is recognised as revenue in the statement of comprehensive income/(expense) on an actuarial basis.

In the event that it can be predicted that the market value of the vehicle will be less than the guaranteed residual value, then an impairment of the receivable is recognised.

#### Revenue

Revenue is the finance income on credit sales agreements, net of VAT. The business is carried out in the United Kingdom and revenue derives entirely from that source. Revenue derives from continuing operations. There have been no discontinued operations or material acquisitions in the year.

#### Inventory valuation

Vehicles which are repurchased are accounted for as inventory at the lower of cost or net realisable value.

# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the accounts (continued)

### 1. Accounting policies (continued)

#### **Taxation**

The charge for corporation tax is based on the results for the year as adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date.

Deferred income tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income/(expense), except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

#### **Offsetting**

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net.

#### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. In the statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

#### **Trade and other receivables**

Trade and other receivables are stated at amortised cost less allowances for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable.

#### **Trade payables**

Trade payables are measured at amortised cost.

#### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

# JOHN LEWIS CAR FINANCE LIMITED

## 1 Accounting policies (continued)

### *Provisions and liabilities*

Although provisions and liabilities are reviewed on a regular basis and adjusted to reflect management's best current estimates the judgemental nature of these items means that future amounts settled may be different from those provided

## 2 Revenue

Revenue, which is stated net of VAT, represents vehicle finance interest income, all of which falls within the United Kingdom

## 3. Profit before tax

	2013	2012
	£000	£000
Profit on ordinary activities before taxation is stated after crediting/(charging) the following		
Gain on sales of motor vehicles	172	244
Fees payable to group's auditors and its associates for the audit of the company	(15)	(15)

## 4 Directors and employees

The directors are all full time executives of John Lewis plc and no part of their remuneration relates to services to this company. There were no employees during the year (2012 nil)

## 5 Tax on profit on ordinary activities

	2013	2012
	£000	£000
Analysis of tax charge		
Corporation tax - this year	69	67
Corporation tax - previous year	-	47
Total current tax charge	69	114

The tax charge for the period is in line with (2012 higher) the standard corporation tax rate of 24 33% (2012: 26 33%) The differences are explained below

	2013	2012
	£000	£000
Profit on ordinary activities before tax	282	253
Profit on ordinary activities at standard rate of corporation tax in the UK of 24 33% (2012: 26 33%)	69	67
Adjustment to current tax in respect of previous years	-	47
Total tax charge	69	114

The Finance Act 2013 reduced the main rate of corporation tax from 25% to 23% from 1 April 2013 Further reductions to the main rate are proposed in the Finance Bill 2013 to reduce the rate by 2% in 2014 and 1% in 2015 to 20% by 1 April 2015 The 2% reduction to 23% has been substantively enacted at the end of the reporting period, and therefore is reflected in the financial statements

# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the accounts (continued)

6	<b>Inventories</b>	<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	Motor vehicles held for resale	159	408
7	<b>Trade and other receivables</b>	<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	Current		
	Trade receivables	5,416	4,677
	Value Added Tax	5	10
	Other receivables	63	1
		5,484	4,688
	Non-current		
	Trade receivables	8,471	9,478
		13,955	14,166
	As of 26 January 2013 the company had no impaired trade and other receivables and there were no amounts overdue (2012 nil)		
8	<b>Trade and other payables</b>	<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	Current		
	Amounts owed to group companies	7,470	8,687
	Corporate Tax	69	67
	Accruals and deferred income	422	350
		7,961	9,104
9	<b>Share capital</b>	<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	Equity		
	Authorised		
	25,000,000 ordinary shares of £1 each	25,000	25,000
	Issued and fully paid		
	7,500,000 ordinary shares of £1 each	7,500	7,500

**JOHN LEWIS CAR FINANCE LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ANNUAL  
REPORT AND ACCOUNTS**


The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Margaret Casely-Hayford  
Company Secretary

8 July 2013

## JOHN LEWIS CAR FINANCE LIMITED

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### **Reconciliation of profit before tax to cash (used in)/generated from operating activities**

	2013	2012
	£000	£000
Profit before tax	282	253
Decrease/(increase) in inventories	249	(115)
Decrease/(increase) in receivables	211	(3,148)
Increase in payables	74	34
(Decrease)/increase in amounts owed to fellow group undertakings	(1,286)	3,613
Cash (used in)/generated from operations	(470)	637

### 11. **Related party transactions**

During the current and prior years, transactions were settled on behalf of John Lewis Car Finance Limited by the John Lewis Partnership plc group for administrative convenience, such as taxation and supplier settlement. All such transactions were charged to John Lewis Car Finance Limited at cost. It is not practical to quantify these non trading charges.

Included in current liabilities is a balance of £7,470,000 (2012: £8,687,000) for amounts owed to fellow group undertakings.

### 12. **Parent company**

John Lewis plc is the parent company of the smallest group to consolidate the accounts of the company. John Lewis Partnership plc, the company's ultimate parent company, is the parent company of the largest group to consolidate these accounts. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the equity of John Lewis Partnership plc in trust for the benefit of the employees. All of these companies are registered in England and Wales.

Copies of these accounts may be obtained from the Company Secretary, John Lewis Partnership plc, Partnership House, Carlisle Place, London SW1P 1BX.

## **JOHN LEWIS CAR FINANCE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN LEWIS CAR FINANCE LIMITED**

We have audited the financial statements of John Lewis Car Finance Limited for the year ended 26 January 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 26 January 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**JOHN LEWIS CAR FINANCE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN LEWIS  
CAR FINANCE LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit '

*RSJ*

Ranjan Siskandan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 July 2013