

Company number: 04328890

JOHN LEWIS CAR FINANCE LIMITED

Financial Statements for the year ended 30 January 2021

Contents

Company information	1
Strategic report	2
Directors' report	3
Statement of comprehensive income	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8
Statement of Directors' responsibilities	13

THURSDAY



AAG1BLKI

A20

28/10/2021

#207

COMPANIES HOUSE

JOHN LEWIS CAR FINANCE LIMITED

Company information

Directors	Bérangère Michel Justin Laney
Company Secretary	Simon Blackburn
Registered Office	171 Victoria Street, London SW1E 5NN
Company Number	04328890

JOHN LEWIS CAR FINANCE LIMITED

Strategic report for the year ended 30 January 2021

Review of the business and future developments

John Lewis Car Finance Limited ("the Company") is assigned the credit sale agreements, from a third party financing company which have been brokered by John Lewis plc with employees of the John Lewis Partnership plc group ("the Partnership"), and its subsidiary companies, to finance vehicles acquired by them and provide associated services to 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 set so that no significant gains or losses are expected on the re-sale of vehicles that have been purchased back from employees of John Lewis plc.

The Company's revenue is derived from finance income on credit sale agreements between the Company and employees of the Partnership. Revenue was £978,000 (2020: £997,000) for the year and Company profit before tax was £552,000 (2020: loss of £300,000). Net assets increased by £447,000 (5.1%) to £9,296,000.

Given the nature of the Company's activities, the Company's Directors believe that specific key performance indicators are not necessary or appropriate for an understanding of the Company's development, performance, or the position of its business.

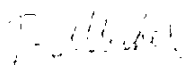
Principal risks and uncertainties

John Lewis Car Finance Limited's principal risks and uncertainties are in line with those of John Lewis Partnership plc. However, the risks that are most relevant to John Lewis Car Finance Limited are: external environment, information security and change delivery.

Details of key mitigations to these principal risks and uncertainties are presented on pages 48 to 56 of the Partnership's Annual Report and Accounts.

The Company is also exposed to fluctuations in the used car market and uses industry standard benchmarking to set residual values and reduce exposure.

Approved by the Directors and signed on behalf of the Board



Bérangère Michel
Director
22 October 2021

JOHN LEWIS CAR FINANCE LIMITED

Directors' report for the year ended 30 January 2021

The Directors of the Company present their report and the financial statements for the year ended 30 January 2021.

Principal activity

John Lewis Car Finance Limited ("the Company") is assigned the credit sale agreements, from a third party financing company which have been brokered by John Lewis plc with employees of the John Lewis Partnership plc group ("the Partnership"), and its subsidiary companies, to finance vehicles acquired by them and provide associated services to 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 set so that no significant gains or losses are expected on the re-sale of vehicles that have been purchased back from employees of John Lewis plc.

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

Directors

The Directors who held office during the year, and up to the date of signing the financial statements unless otherwise stated, were as follows:

Bérangère Michel
Justin Laney

Company Secretary

Peter Simpson (resigned 7 June 2021)
Simon Blackburn (appointed 22 October 2021)

Results and Dividends

The Company's profit on ordinary activities before taxation for the year ended 30 January 2021 is £552,000 (2020: loss of £300,000). The share capital of the Company is wholly owned by John Lewis plc.

The Directors do not recommend the payment of a dividend (2020: £nil).

Financial risk management

John Lewis Car Finance Limited's financial risks are managed within the Partnership's framework. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the Partnership's business needs, to meet its Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the Partnership's business planning process crystallising.

Specific financial risks relevant to John Lewis Car Finance Limited include liquidity risk and credit risk. Details of the risk management policies in respect of these financial risks are included in note 7 of the Partnership's Annual Report and Accounts.

Furthermore, risks and uncertainties are in reduction of car residual values due to changes in market preference for vehicle type, fuel type and ownership models. The key mitigations are periodic impairment testing to monitor the difference in guaranteed residual values and market prices, and measures to maximise net sales revenue.

Directors' responsibilities

The Statement of Directors' responsibilities in relation to the Strategic report, Directors' report and financial statements is set out on page 13.

JOHN LEWIS CAR FINANCE LIMITED

Directors' report for the year ended 30 January 2021 continued

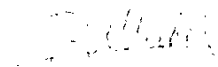
Directors' interests

Under the constitution of the Partnership all the Directors, as employees of John Lewis plc, are deemed to be 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, having reviewed the Company's current performance, forecasts and financing arrangements, including specific consideration of the continually evolving situation relating to the Covid-19 pandemic, consider, at the approval date of these accounts, that the Company has sufficient resources to continue in operation and meet its liabilities as they fall due. In addition, a letter of support has been received from the parent company stating that it will provide such support as is necessary to enable the Company to continue operations for the 12 months from the date of signing. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the Directors and signed on behalf of the Board



Bérangère Michel
Director
22 October 2021

JOHN LEWIS CAR FINANCE LIMITED

**Statement of comprehensive income
for the year ended 30 January 2021**

<i>Notes</i>	2021	2020
	£000	£000
Revenue	978	997
Other operating expenses	13	(386)
Other operating income	(11)	5
Administrative expenses	(428)	(916)
2 Profit / (loss) before tax	552	(300)
4 Taxation	(105)	57
Profit / (loss) and total comprehensive (expense) / income for the year	447	(243)

JOHN LEWIS CAR FINANCE LIMITED

Balance sheet as at 30 January 2021

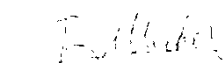
Notes		2021 £000	2020 £000
	Non-Current assets		
6	Trade and other receivables - due in greater than one year	12,374	12,342
		12,374	12,342
	Current assets		
5	Inventories	626	390
6	Trade and other receivables - due in less than one year	5,611	6,862
	Current tax receivable	-	28
	Cash and cash equivalents	1,482	1,516
		7,719	8,796
	Total assets	20,093	21,138
	Current liabilities		
7	Trade and other payables	(10,750)	(12,289)
	Current tax payable	(47)	-
	Total liabilities	(10,797)	(12,289)
	Net assets	9,296	8,849
	Equity		
8	Share capital	7,500	7,500
	Retained earnings	1,796	1,349
	Total equity	9,296	8,849

For the year ending 30 January 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The accompanying notes are an integral part of these financial statements. The financial statements on pages 5 to 12 were approved by the Directors of the Company on 22 October 2021.



Bérange Michel
Director
22 October 2021

John Lewis Car Finance Limited

Company number: 04328890

JOHN LEWIS CAR FINANCE LIMITED

Statement of changes in equity For the year ended 30 January 2021

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 26 January 2019	7,500	1,592	9,092
Loss and total comprehensive expense for the year	-	(243)	(243)
Balance at 25 January 2020	7,500	1,349	8,849
Profit and total comprehensive income for the year	-	447	447
Balance at 30 January 2021	7,500	1,796	9,296

The accompanying notes are an integral part of these financial statements.

JOHN LEWIS CAR FINANCE LIMITED

Notes to the financial statements

1. Accounting policies

Accounting convention and basis of preparation

The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosures framework for a "qualifying entity" as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement;
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective; and
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The financial period is the 53 weeks ended 30 January 2021 (prior period: 52 weeks ended 25 January 2020).

The following standards, amendments and interpretations were adopted by the Company for the year ended 30 January 2021 and have not had a significant impact on the Company's loss for the year, equity or disclosures:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IFRS 16: COVID-19 Related Rent Concessions

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 30 January 2021, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Directors has concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts with specific consideration to the trading position and funding of the Company in the context of the continually evolving situation relating to the Covid-19 pandemic. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis of preparing the Company's financial statements.

The company is reliant on its parent company, John Lewis Partnership plc for continued trade. The liquidity position of John Lewis Partnership as a whole as at 30 January 2021 was £2.0bn, made up of cash and cash equivalents, short term investments and undrawn committed credit facilities of £500m. The John Lewis Partnerships liquidity position as at 31 July 2021 was £1.9bn and the reduction is due

JOHN LEWIS CAR FINANCE LIMITED

Notes to the financial statements continued

1. Accounting policies continued

to the early repayment of a loan which was originally taken out to boost liquidity during the height of the Covid-19 pandemic.

Accounting for credit sale agreements

John Lewis Car Finance Limited ("the Company") is assigned the credit sale agreements, from a third party financing company which have been brokered by John Lewis plc with employees of the John Lewis Partnership plc group ("the Partnership"), and its subsidiary companies, to finance vehicles acquired by them and provide associated services to 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 set so that no significant gains or losses are expected 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.

Taxation

The charge for corporation tax is based on the results for the year 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.

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 and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses using the simplified approach under IFRS 9. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each financial asset.

JOHN LEWIS CAR FINANCE LIMITED

Notes to the financial statements continued

1. Accounting policies continued

Trade payables

Trade payables are initially recognised at fair value and subsequently 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:

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.

JOHN LEWIS CAR FINANCE LIMITED

Notes to the financial statements continued

2. Profit / (loss) before tax

	2021	2020
	£000	£000
Profit / (loss) on ordinary activities before taxation is stated after charging the following:		
Gain / (loss) on sales of motor vehicles	13	(386)
Reversal / (charge) impairment of receivables	39	(404)

3. Directors and employees

The Directors are 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 (2020: nil).

4. Taxation

	2021	2020
	£000	£000
Recognised in the statement of comprehensive income		
Current tax - current year	(105)	57
Total current tax (charge) / credit	(105)	57

The tax charge for the year is in line with (2020: in line with) the standard corporation tax rate of 19% (2020: 19%).

5. Inventories

	2021	2020
	£000	£000
Motor vehicles held for resale	626	390

6. Trade and other receivables

	2021	2020
	£000	£000
Due in less than one year:		
Trade receivables	5,611	6,862
	5,611	6,862
Due in greater than one year:		
Trade receivables	12,374	12,342
	17,985	19,204

The Company recognises loss allowances for expected credit losses (ECLs) or against lease residual values within administrative expenses in the income statement. As at 30 January 2021, trade and other receivables of £365k (2020: £404k) were partially or fully impaired.

JOHN LEWIS CAR FINANCE LIMITED

Notes to the financial statements continued

7. Trade and other payables

	2021	2020
	£000	£000
Current:		
Amounts owed to group companies	(9,976)	(11,518)
Value Added Tax	(45)	(22)
Accruals and deferred income	(729)	(749)
	(10,750)	(12,289)

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Share Capital

	2021	2020
	£000	£000
Allotted and fully paid:		
7,500,000 Ordinary Shares of £1 each	7,500	7,500

9. Parent Company

The immediate parent undertaking is John Lewis plc, which is also the parent company of the smallest group to consolidate the financial statements of the company. John Lewis Partnership plc, the Company's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the deferred ordinary shares issued by John Lewis Partnership plc in trust for the benefit of employees. All of these companies are registered in England and Wales. Copies of these financial statements may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

The address of the registered office of John Lewis plc is 171 Victoria Street, London SW1E 5NN.

JOHN LEWIS CAR FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

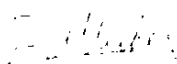
Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Bérange Michel
Director

22 October 2021
171 Victoria Street, London, SW1E 5NN