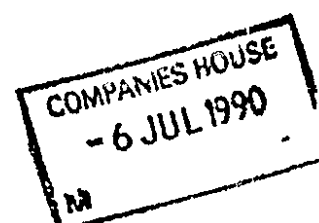


Report and accounts 1990

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# JOHN LEWIS PARTNERSHIP plc

## Notice of annual general meeting

Notice is hereby given that the sixty-first annual general meeting of the company will be held at 12.30 pm on Wednesday 13th June 1990 at 171 Victoria Street, London SW1:

To receive the directors' report and accounts for the year 1989 '90.

To consider the re-election of retiring directors.

To consider the re-appointment of the auditors.

To consider the remuneration of the auditors.

By order of the Board  
B J Pritchard Secretary

171 Victoria Street  
London SW1E 5NN  
9th May 1990

The report and accounts are sent to all members, but only the members holding Deferred Ordinary Shares are entitled to attend and vote at this meeting.

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.

## Officers and professional advisers

### Secretary

B J Pritchard

### Chief accountant

T M Phillips

### Auditors

Price Waterhouse

### Solicitors

Clifford Chance

### Bankers

National Westminster Bank PLC

### Registered office and Transfer office

171 Victoria Street  
London SW1E 5NN

# JOHN LEWIS PARTNERSHIP plc

## Board of directors

<b>P T Lewis MA</b>	Chairman and Chief Executive since 1972. Graduate of Oxford. Practising barrister 1955-1959. Joined the Partnership 1959. Member of the Board since 1966.
<b>S Hampson MA</b>	Deputy Chairman since 1989 and Director of Research and Expansion since 1986. Previously Managing Director Tyrrell and Green. Graduate of Oxford. Civil Service (Department of Trade) 1969-1982. Joined the Partnership 1982. Member of the Board since 1986.
<b>R Adlington*</b>	Department Manager John Lewis Edinburgh since 1977. Joined the Partnership 1964. Member of the Board since 1989.
<b>I A J Anderson</b>	Director of Trading (Department Stores) since 1977. Employed by Harrods Limited 1949-1959. Joined the Partnership 1959. Member of the Board since 1977.
<b>I R Bassett*</b>	Senior Systems Analyst since 1972. Employed in banking 1961-1968. Joined the Partnership 1968. Member of the Board since 1973.
<b>J B Foster</b>	Director of Trading (Waitrose) since 1977. Joined the Partnership 1956. Member of the Board since 1977.
<b>S C May MA</b>	Director of Personnel since 1978. Previously Managing Director Peter Jones. Graduate of Oxford. Joined the Partnership 1961. Member of the Board since 1978.
<b>D S Ramsey*</b>	Operations Manager Waitrose since 1969. Joined the Partnership 1956. Member of the Board 1976-1987 and since 1989.
<b>D A Stevens*</b>	Partners' Counsellor. Previously Chief Registrar. Joined the Partnership 1938. Member of the Board since 1982.
<b>J C Stott MA*</b>	Central Buyer Department Stores since 1976. Graduate of Cambridge. Civil Service 1954-59. Joined the Partnership 1959. Member of the Board 1968-1971, 1982 and since 1984.
<b>D E Young MA</b>	Finance Director since 1987. Previously Managing Director Peter Jones. Graduate of Oxford. Civil Service (Ministry of Defence) 1963-1982. Joined the Partnership 1982. Member of the Board since 1987.

\*Under the Constitution of the John Lewis Partnership five of the directors hold office by annual election of the Partnership's Central Council.

# JOHN LEWIS PARTNERSHIP plc

## Summary of results for the year ended 27th January 1990

Turnover and profits		1989 £m	1990 £m
Turnover		1,917.7	2,046.3
Trading profit		139.4	123.7
Interest		7.9	13.6
Taxation		26.5	21.0
Preference dividends		.2	.2
Balance available for profit sharing and retention in the business		104.8	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		52.2	42.8
Retained in the business for development - Extraordinary item			18.6
Capital employed	Net assets employed at the year end	593.5	662.2
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	135.9	148.2	119.5
Pension costs	11.5	13.3	14.7	16.7	9.4
Taxation	21.7	23.9	27.5	26.5	21.0
Dividends	.2	.2	.2	.2	.2
Net profit available for profit sharing and retention in the business	60.2	81.3	93.5	104.8	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 in the business	29.7	39.1	47.3	57.4	47.6
Retained in the business - Extraordinary item					18.6
	60.2	81.3	93.5	104.8	107.5
Net assets employed	363.1	400.6	547.5	593.5	662.2
Pay	164.2	189.4	209.4	238.8	266.6
Number of employees including part-time employees	32,300	34,100	35,800	37,900	38,800
	10,900	11,900	12,800	13,900	14,400

## JOHN LEWIS PARTNERSHIP 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 addition 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 all 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 an 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 Trewwin 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 PARTNERSHIP plc

## The John Lewis Partnership

The Partnership's purpose is to secure the fairest possible sharing among all those who work in it of all the advantages of ownership. The Partnership's three public companies, John Lewis Partnership plc, John Lewis plc and John Lewis Properties plc, have modest issues of debenture or preference stock, most of which is publicly held outside the group. Payment of interest and dividends upon these stocks is naturally the first claim upon the Partnership's profits but the whole of the balance of profit is available to be shared among its employees, i.e. the members of the Partnership, and for reserves.

The equity and control of John Lewis Partnership plc, and hence of the Partnership, are held in trust by John Lewis Partnership Trust Limited. One of the principal duties of the Trust Company under the terms of two irrevocable Settlements is to secure the appointment of directors to the board of John Lewis Partnership plc in accordance with the Partnership's Constitution. The Constitution requires the appointment to the board of the Chairman and Deputy Chairman of the Trust Company and of five other directors on the nomination of the Chairman together with five other directors nominated annually by the Central Council, which itself represents the Partnership's 32,000 members. The board of John Lewis Partnership plc thus constituted directs the Partnership's business on behalf of its members.

The Constitution also provides for the constant and effective involvement of employees (Partners) in the Partnership's affairs. 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.

Further information about the Partnership can be obtained on application to Information Services, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN. Telephone: 01-828 1000 extension 6222.

## Retail branches

### Department stores

**London**  
John Lewis, Oxford Street  
John Lewis, Brent Cross  
Peter Jones, Sloane Square  
Jones Brothers, Holloway  
Primrose, Streatham

**Southern England**  
Caley, Windsor  
Heelas, Reading  
John Lewis, Bristol  
John Lewis, High Wycombe  
John Lewis, Milton Keynes  
John Lewis, Welwyn  
Knight & Lee, Southsea  
Trewin Brothers, Watford  
Kyrell and Green, Southampton

**Midlands, East Anglia, Northern England and Scotland**  
Bainbridge, Newcastle  
Bonds, Norwich  
Cole Brothers, Sheffield  
George Henry Lee, Liverpool  
Jessop & Son, Nottingham  
John Lewis, Aberdeen  
John Lewis, Edinburgh  
John Lewis, Peterborough  
Robert Sayer, Cambridge

### Waitrose supermarkets

**London**  
Barnet      East Sheen      Ranton      West Falm  
Brent Cross      Enfield      Swiss Cottage      Whetstone  
Chichea      Harrow Weald      Temple Fortune

**Southern England**  
Allington Park      Cirencester      Gosport      Marlborough      Sunningdale  
Andover      Colham      Green Street      Mariaw      Tilehurst  
Banstead      Coulsdon      Green      Milton Keynes      Wallingford  
Bath      Cowplam      Harpenden      New Malden      Wantage  
Beaconsfield      Crowborough      Havant      Northwood      Westbourne  
Berkhamsted      Didsen      Hayes      Ramsgate      Westbury Park  
Buck Hill      Denbrotter      Henley      Richmond      West Byfleet  
Brighton      Dorking      Hertford      Romsey      Weybridge  
Bromley      Epsom      Henley      Sevenoaks      Windsor  
Caterham      Esher      Leighton      St Albans      Winton  
Caversham      Fleet      Bazzard      Slough      Witney  
Chesham      Godalming      Lymington      Southsea      Wokingham  
Chichester      Goldersworth      Maidenhead      Stevenage      Wokingham

**Midlands**  
Blax      Lymington      Hall Green      Kingsthorpe  
Daxentry      Four Oaks      Kiddleminster      Sleaford

**East Anglia**  
Blackburn Hill      Newmarket      Saffron 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)

Bulfin & Panton, Weybridge (Fitted kitchen furniture and bedding)  
Leckford Estate, Stockbridge (Farming)

# JOHN LEWIS PARTNERSHIP plc

## Directors' report for the year ended 27th January 1990

Directors	The directors of the company at the date of this report 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 P R Sharp resigned on 18th May 1989 and Mr D Gorsky on 2nd November 1989. Mr R Adlington was appointed to the Board on 18th May 1989 and Mr D S Ramsey on 14th December 1989.
Principal activity	The company controls, through John Lewis plc, the businesses listed on page 6, comprising 23 department stores, 88 Waitrose supermarkets and ancillary manufacturing activities.
Purchase of shares	<p>At Extraordinary General Meetings held on 9th February 1984, 13th December 1984, 13th February 1986, 19th February 1987, 21st July 1988 and 15th March 1990, the company was authorised to purchase up to £100,000 nominal of the 7½% Cumulative Preference Stock and up to £4,350,000 nominal of the 5% Cumulative Preference Stock.</p> <p>The Board considers that these stocks have become a relatively inefficient form of fixed interest finance and that it would be advantageous to the company to acquire some of them.</p> <p>During the year, the company purchased 12,741 11 units of 5% Stock, representing 0.21% of the called-up share capital, for £6,370.</p>
Use of profits	Preference dividends absorbed £202,393 leaving £66,217,000 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	<p>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.</p> <p>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.</p>
Directors' interests	<p>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.</p> <p>The following further personal interests in John Lewis Partnership plc 5% Cumulative Preference Stock at 29th January 1989 and 27th January 1990 have been registered: Mr I R Bassett 198.</p> <p>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.</p>
Charitable donations	<p>The group donated £783,000 for charitable purposes during the year but made no political donations.</p> <p>For and by order of the Board B J Pritchard Secretary 23rd April 1990</p>

# JOHN LEWIS PARTNERSHIP 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	324.9
	Administrative costs	52.2	29.3
4	Pension costs	9.4	16.7
	Trading profit	123.7	139.4
3	Interest	13.6	7.9
5	Profit before Partnership bonus and taxation	110.1	131.5
	Partnership bonus	41.3	47.4
	Profit on ordinary activities before taxation	68.8	84.1
6	Tax on profit on ordinary activities	21.0	26.5
	Profit on ordinary activities after taxation	47.8	57.6
7	Extraordinary item	18.6	
8	Profit for the financial year	66.4	57.6
9	Dividends	1.2	2
18	Profit retained to offset inflation	4.8	4.2
16	Profit retained for development	61.4	52.2



# JOHN LEWIS PARTNERSHIP plc

## Consolidated balance sheet as at 27th January 1990

Notes		1990 £m	1989 £m
	<b>Fixed assets</b>		
11	Tangible assets	712.6	624.7
	<b>Current assets</b>		
12	Stocks	164.5	160.2
13	Debtors	157.3	134.5
	Investments - short term deposits	20.0	
	Cash at bank and in hand	18.7	2.4
		360.5	301.1
	<b>Creditors</b>		
14	Amounts falling due within one year	252.3	273.1
	<b>Net current assets</b>	108.2	28.0
	<b>Total assets less current liabilities</b>	820.8	652.7
	<b>Creditors</b>		
14	Amounts falling due after more than one year	158.6	59.2
	<b>Net assets</b>	662.2	593.5
	<b>Capital and reserves</b>		
15	Called up share capital	6.1	6.1
	Minority interest in subsidiary	3	5
16	Revaluation reserve	161.1	169.2
16	Other reserves	5.1	5.1
16	Profit and loss account - accumulated profit	489.4	412.0
	<b>Total capital employed</b>	662.2	593.5

Approved by the Board on 23rd April 1990

P T Lewis  
S Hampson  
T M Phillips

Directors  
Chief accountant

*J. Lewis*  
*S. Hampson*  
*T. M. Phillips*

# JOHN LEWIS PARTNERSHIP plc

## Balance sheet as at 27th January 1990

Notes		1990 £m	1989 £m
	Fixed assets		
17	Investments	14.7	14.6
	Current assets and liabilities		
	Debtors	.1	1
	Creditors	.2	2
	Net current liabilities	.1	1
	Net assets	14.6	14.5
	Capital and reserves		
15	Called up share capital	6.1	6.1
16	Other reserve	3.7	3.7
16	Profit and loss account - accumulated profit	4.8	4.7
	Total capital employed	14.6	14.5

Approved by the Board on 23rd April 1990

P T Lewis  
S Hampson  
T M Phillips

Directors  
Chief accountant

*P Lewis*  
*S Hampson*  
*T M Phillips*

# JOHN LEWIS PARTNERSHIP plc

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

### Source of funds

	1990 £m	1989 £m
Arising from trading:		
Profit before Partnership bonus and taxation	110.1	131.5
Adjustment for items not involving a movement of funds:		
Depreciation	30.9	23.8
	141.0	155.3
Funds from other sources:		
Proceeds from sale of fixed assets	40.9	11.9
Loans	100.0	
Total inflow	281.9	167.2

### Use of funds

Additions to land and buildings	91.1	77.1
Additions to fixtures and fittings	46.1	41.9
Acquisition of subsidiary		15.6
Purchase of shares		5
Repayment of loans and debentures		2
Net expenses of bond issue	1.4	
Corporation tax paid	20.2	27.2
Dividends paid	.2	2
Partnership bonus declared for the previous year	47.7	46.3
	206.7	209.9
Increase/(decrease) in working capital		
Stocks	4.3	14.4
Debtors	18.8	12.9
Creditors	(4.2)	(41.3)
Total outflow	225.6	196.9
Net inflow/(outflow)	56.3	(29.7)
Increase/(decrease) in cash and deposits	36.3	(16.9)
(Increase)/decrease in loans and bank overdraft	20.0	(10.4)

# JOHN LEWIS PARTNERSHIP 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:

On bank loans, overdrafts and other loans repayable

within 5 years

On all other loans

Interest receivable

1990  
£m

3.7

12.3

(2.4)

13.6

1989  
£m

3.2

9.4

1.1

9.7

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

### 4 Pension fund

The principal pension scheme operated by the Partnership is a defined benefits scheme, providing benefits based on final pensionable pay. The assets of this scheme are held in a separate, trustee administered fund.

The latest actuarial valuation of the fund was as at 31st March 1989. The assumption which has the most significant effect on the results of the valuation is the relative rate of return on the investments of the fund compared with increases in pay and pensions. It was assumed for this purpose that, on average, the annual return on investments would exceed increases in pay and pensions by 2.5% and 5% respectively.

At the date of the latest actuarial valuation, the market value of the assets of the fund was £315m. The valuation showed that the scheme was overfunded and that the assets represented 128% of the benefits which have accrued to members. The actuary has recommended a normal future contribution rate of 6.3% (7.1% of total pay. For a number of years this will be reduced to 3.5% of total pay to take into account the past-service surplus.

The pension charge for the year was £9.4m (1988 £10.7m). A payment of £18.6m, including a prepayment of £9.2m, was made during the year.

5 Profit before Partnership bonus and taxation	Profit before Partnership bonus and taxation is stated after charging the following:	1990 £m	1989 £m
	Staff costs excluding Partnership bonus:		
	Pay	266.6	224.4
	Social security costs	24.6	21.4
	Other pension costs	9.4	10.7
	Depreciation	30.9	25.4
	Auditors' remuneration	3	3
	Operating lease rental of land and buildings	21.5	14.7
6 Tax on profit on ordinary activities	Corporation tax based on the profit for the year	18.4	27.3
	Corporation tax - previous years	(.6)	(.4)
	Corporation tax - deferred	3.2	
		21.0	26.5

The tax charge is based on a corporation tax rate of 35% (35%) and has been reduced by £5.6m (£2.2m) as a result of capital allowances in excess of depreciation.

Total taxation deferred and unprovided in respect of capital allowances in excess of depreciation amounts to £47.6m (£2.4m) based on corporation tax at 35%.

No provision has been made in these accounts for the liability to taxation of £13.8m (£18.2m) on capital gains, which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

7 Extraordinary item	Profit on disposal of warehouse premises	18.6	
	No tax charge arises as a result of this disposal.		
8 Profit for the financial year	Dealt with in the accounts of:		
	John Lewis Partnership plc	3	4
	Subsidiaries	66.1	61.1
		66.4	65.5

As permitted by Section 222 of the Companies Act 1985, John Lewis Partnership plc has not presented its own profit and loss account.

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

- 4 Pension fund
- The principal pension scheme operated by the Partnership is a defined benefits scheme, providing benefits based on final pensionable pay. The assets of this scheme are held in a separate, trustee administered fund.
- The latest actuarial valuation of the fund was as at 31st March 1989. The assumption which has the most significant effect on the results of the valuation is the relative rate of return on the investments of the fund compared with increases in pay and pensions. It was assumed for this purpose that, on average, the annual return on investments would exceed increases in pay and pensions by 2.5% and 5% respectively.
- At the date of the latest actuarial valuation, the market value of the assets of the fund was £315m. The valuation showed that the scheme was overfunded and that the assets represented 128% of the benefits which have accrued to members. The actuary has recommended a normal future contribution rate of 6.3% (7%) of total pay. For a number of years this will be reduced to 3.5% of total pay to take into account the past-service surplus.
- The pension charge for the year was £9.4m (£16.7m). A payment of £18.6m, including a pre-payment of £9.2m, was made during the year.

5 Profit before Partnership bonus and taxation	Profit before Partnership bonus and taxation is stated after charging the following:	1990 £m	1989 £m
	Staff costs excluding Partnership bonus:		
	Pay	266.6	238.8
	Social security costs	24.6	21.8
	Other pension costs	9.4	16.7
	Depreciation	30.9	25.4
	Auditors' remuneration	3	4
	Operating lease rental of land and buildings	21.5	14.2
6 Tax on profit on ordinary activities	Corporation tax based on the profit for the year	18.4	27.3
	Corporation tax - previous years	(6)	(18)
	Corporation tax - deferred	3.2	
		21.0	26.5

The tax charge is based on a corporation tax rate of 35% (35%) and has been reduced by £5.6m (£2.2m) as a result of capital allowances in excess of depreciation.

Total taxation deferred and unprovided in respect of capital allowances in excess of depreciation amounts to £47.6m (£42.6m) based on corporation tax at 35%.

No provision has been made in these accounts for the liability to taxation of £13.8m (£18.2m) on capital gains, which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

7 Extraordinary item	Profit on disposal of warehouse premises.	18.6	
	No tax charge arises as a result of this disposal.		
8 Profit for the financial year	Dealt with in the accounts of:		
	John Lewis Partnership plc	3	4
	Subsidiaries	66.1	57.8
		66.4	57.8

As permitted by Section 228 of the Companies Act 1985, John Lewis Partnership plc has not presented its own profit and loss account

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

9	Dividends	1990 £m	1989 £m
	7½% (now 5¼% plus tax credit) Cumulative Preference Stock		
	and 5% (now 3¼% plus tax credit) Cumulative Preference Stock	.2	2

10	Directors and employees	1990 £000	1989 £000
	Directors' remuneration including pension fund contributions and Partnership bonus of 17% (20%) was as follows:		
	Remuneration as managers	1,249	1,311
	Pensions to past directors	5	-

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	£214,624		
Other directors:	1990	1989	1990	1989
Under £5,000	1		£70,001 - £75,000	1
£5,001 - £10,000	1		£90,001 - £95,000	1
£15,001 - £20,000	1		£95,001 - £100,000	1
£25,001 - £30,000	-	1	£100,001 - £105,000	1
£30,001 - £35,000	-	1	£120,001 - £125,000	1
£35,001 - £40,000	1		£130,001 - £135,000	1
£40,001 - £45,000	1		£135,001 - £140,000	1
£45,001 - £50,000	-	1	£145,001 - £150,000	1
£50,001 - £55,000	2		£150,001 - £155,000	1
£65,001 - £70,000	-	2	£160,001 - £165,000	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:

	1990	1989		1990	1989
£30,001 - £35,000	114	124	£70,001 - £75,000	5	3
£35,001 - £40,000	81	89	£75,001 - £80,000	3	2
£40,001 - £45,000	57	57	£80,001 - £85,000	2	1
£45,001 - £50,000	28	26	£85,001 - £90,000	2	1
£50,001 - £55,000	20	16	£90,001 - £95,000	2	1
£55,001 - £60,000	13	14	£95,001 - £100,000	-	1
£60,001 - £65,000	12	7	£100,001 - £105,000	2	-
£65,001 - £70,000	13	6	£105,001 - £110,000	2	-

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	21,500
Supermarkets	16,000	16,000
Other	1,300	1,300

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

11 Tangible assets	Consolidated	Land and buildings £m	Fixtures and fittings £m	Payments on account and assets in course of construction £m	Total £m
Cost or valuation					
At 28th January 1989		458.6	210.9	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)	-	(8.8)
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
Land and buildings at cost or valuation:				1990 £m	£m
Freehold property				294.4	294.4
Leasehold property, 50 years or more unexpired				183.9	183.9
Leasehold property, less than 50 years unexpired				44.7	44.7
				523.0	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	372.8
Accumulated depreciation				43.7	43.7
				329.1	329.1



# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

12	Stocks	1990 £m	1989 £m
	Raw materials and work-in-progress	9.6	8.6
	Finished goods	154.9	151.6
		164.5	160.2
13	Debtors		
	Amounts falling due within one year:		
	Trade debtors	110.5	108.9
	Other debtors	5.8	6.2
	Pension fund prepayment	9.2	
	Prepayments and accrued income	9.2	7.9
		134.7	123.1
	Amounts falling due after more than one year:		
	Trade debtors	22.6	20.4
	Total debtors	157.3	143.5
14	Creditors		
	Amounts falling due within one year:		
	Loans and bank overdraft		20.0
	Trade creditors	107.7	102.2
	Other creditors	13.4	18.6
	Corporation tax	25.5	27.9
	Corporation tax deferred	3.2	
	Other taxation and social security	43.6	40.0
	Accruals and deferred income	17.8	16.3
	Partnership bonus	41.1	47.5
		252.3	263.1
	Amounts falling due after more than one year:		
	Due by instalments after 5 years		
	— Debenture loans (secured)	1.2	1.2
	Due other than by instalments after 5 years		
	— Debenture loans (secured)	5.0	10.0
	— 10 1/4 % Bonds, 2006	50.0	50.0
	— 10 1/4 % Bonds, 2014	100.0	
	Other creditors	2.4	2.4
		158.6	163.6
	Total of instalment payments due after 5 years	1.1	1.1
	Debentures (secured on land and buildings)		
	John Lewis Properties plc		
	9 1/4 % Mortgage Debenture Stock, 1992/97	5.0	
	8 1/4 % Mortgage Debenture Stock, 1993/98	1.2	
		6.2	

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

15 Share capital				
	1990 £m Authorised	1990 £m Issued and fully paid	1989 £m At 28 Jan 89	1989 £m At 28 Jan 89
Deferred Ordinary Shares held by John Lewis Partnership Trust Limited	.6	.6	6	6
Fixed interest Cumulative Preference Stock held by the public:				
7½% (now 5¼% plus tax credit)	.6	.5	6	6
5% (now 3¼% plus tax credit)	8.8	5.0	8.8	5.0
	10.0	6.1	20.4	17.0

16 Reserves	Consolidated	Other reserves			
		Profit and loss account £m	Capital £m	Capital redemption £m	Revaluation reserve £m
At 28th January 1989		412.6	1.4	3.7	169.2
Profit retained to offset inflation		4.8	—	—	—
Expenses of Bond issue		(1.4)	—	—	—
Profit retained for development		61.4	—	—	—
Revaluation surplus		—	—	—	3.9
Transfers		12.0	—	—	(12.0)
At 27th January 1990		489.4	1.4	3.7	161.1

Company	Profit and loss account £m	Capital redemption reserve £m	Total reserves £m
At 28th January 1989	4.7	3.7	8.4
Profit retained for development	1	—	1
At 27th January 1990	4.8	3.7	8.5

17 Investments	Salaried		Other	
	Shares in John Lewis plc £m	Loan to John Lewis plc £m	Shares in John Lewis Partnership Trust Limited £m	Total £m
At 28th January 1989	13.0	1.5	.1	14.6
Movements	—	(.1)	—	(.1)
Dividend receivable	—	.2	—	.2
At 27th January 1990	13.0	1.6	.1	14.7

# JOHN LEWIS PARTNERSHIP plc

## Notes on the accounts continued

### 18 Inflation

	1990 £m	1989 £m
Profit retained to offset inflation relates to:		
Depreciation of fixtures and fittings	4.8	4.5
Working capital	—	—
	4.8	4.5

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 £123.8m (£134.6m) of which contracts had been placed for £42.8m (£59.4m)

### 20 Lease commitments

Rentals of land and buildings for the next financial year on leases expiring:

Within 1 year	1.7	1.5
Between 1 and 2 years	1.7	1.6
Between 2 and 5 years	3.1	4.2
Over 5 years	18.7	12.7

### 21 Subsidiary companies

Subsidiary companies as at 27th January 1990 were as follows:

John Lewis plc  
 Ordinary shares = 100%  
 5% First Cumulative Preference Stock = 81%  
 7% Cumulative Preference Stock = 75.6%

Subsidiaries of John Lewis plc:  
 John Lewis Properties plc  
 Waitrose Limited  
 Cavendish Textiles Limited  
 Stead, McAlpin & Company Limited  
 Herbert Parkinson Limited  
 J. H. Hirtwistle & Company Limited  
 John Lewis Overseas Limited  
 Leckford 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% and 30% respectively.

# JOHN LEWIS PARTNERSHIP plc

## Report of the auditors

We have audited the financial statements of John Lewis Partnership plc set out on pages 8 to 18 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

*Price Waterhouse*

23rd April 1990