Registered number: 00099405

WAITROSE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 JANUARY 2023

WAITROSE LIMITED

CONTENTS

WAITROSE LIMITED

COMPANY INFORMATION

Directors	Sharon White (Chairman) Bérangère Michel
Company secretary	Jane Cheong Tung Sing
Registered number	00099405
Registered office	171 Victoria Street London SW1E 5NN
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 JANUARY 2023

Business review

Waitrose Limited ('Waitrose' or 'the Company') is a trading subsidiary of John Lewis plc and is part of the wider group known as the John Lewis Partnership ('the Partnership'). The Waitrose brand shares the strategy, management, resources and policies of the Partnership as a whole, details of which can be found in the Strategic Report of the Partnership's Annual Report and Accounts 2023, available at www.johnlewispartnership.co.uk.

Waitrose achieved revenue of £6.6bn, down 3.5% on prior year. Like-for-like sales[1] were down 3.6%. Market share was 4.7% at the end of the year, down 30 bps compared to last year. The Company recorded a loss before tax of £217,265,000 (2022: £14,772,000 profit). Progress against the Partnership Plan which includes Waitrose Limited is included in page 7 of the Partnership's Annual Report and Accounts 2023.

This trading performance reflected:

1. Trading dynamics - Despite customer numbers increasing by 7% in the year, sales volumes were down 10% in the year. There are a number of factors driving this including record online volume gains from last year in part reversing and a consumer shift to convenience, where we're looking to grow our presence in future. We also saw customers putting fewer items in their basket (basket size down 15% in shops) and switching to lower priced products.

Online volume growth seen during the pandemic has returned to lower levels than seen during 2020/21 and 2021/22, albeit remains well above pre pandemic levels. Online sales this year represented just over 14% of Waitrose sales at average orders per week of 168,000. This compares to 17% last year at average weekly orders of 213,000. This 27% drop in online volumes was expected and contributed significantly to the movement in market share during the year.

As the UK increasingly returns to pre-Covid working patterns, with growing hybrid or office-based working we have seen, consistent with the wider market, healthy growth in convenience channels, for example with market growth of 32% in 'Food to Go' categories. We are looking to increase our presence in the convenience market through partnerships with third parties such as Deliveroo, Dobbies, Shell and local convenience shops to bolster and enhance our convenience reach for our customers.

As a consequence of low consumer confidence, pressure on household incomes amid the cost of living crisis, we have seen customers trading down to cheaper ranges; seeking to make their money go further and shifting their purchase behaviour with smaller baskets but more frequent shopping. Secondly, we saw an increase in customer marketing through vouchers and other customer promotions as customers began to spread their spend across supermarkets, convenience channels and eating out.

2. Inflation - Across our Waitrose operations, and excluding the effect of input cost inflation on goods we sell, inflation increased our cost base in Waitrose by £67m this year.

3. One-off cost inefficiencies - We embedded a new merchandising system across our buying to supply chain processes, dealt with a fire at one of our largest distribution sites in Milton Keynes and faced a combination of raw material shortages across the network. These challenges led to a period of reduced availability and created one-off supply chain, shop labour and increased wastage costs as we recovered and improved our position throughout the second half of the year. As we exit the year, many of these challenges are behind us, we have significantly improved availability and delivered a pleasing performance with strong availability over the festive period.

While items 1-3 above led to a decrease in Waitrose operating profit in the year, these were partially offset by:

4. Lean Simple Fast cost savings - During the year, Waitrose delivered a further £29m of permanent net savings in addition to savings made in previous periods as part of our Lean Simple Fast programme. These savings were predominantly through supplier negotiations on the cost of goods we sell and savings from the shop leadership transformation (which streamlined management structures) announced the previous year.

[1] 'Like-for-like' sales include VAT and are before accounting adjustments and after adjustments to remove the impact of shop openings and closures.

5. New propositions - such as Dobbies, Deliveroo and Shell launched and/or expanded in the last 12 months contributing to operating profit growth.

Also included within the loss before tax are exceptional costs, principally impairment and costs of living payment, as well as a net increase in centrally managed costs.

Outlook

The areas of focus for the year ahead include:
- Investing £100m across the year in lowering Waitrose prices.
- Increasing our presence in the convenience market through partnerships with third parties such as Deliveroo, Dobbies, Shell and local convenience shops to bolster and enhance our convenience reach for our customers.
- Increasing our original efficiency saving target to help us return to profitability.

Key performance indicators

	2023	*2022*
(Decline) in revenue	**(3.5)%**	*(0.9)%*
(Decline) / growth in like-for-like sales (excludes fuel sales)	**(3.6)%**	*0.9%*

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are in line with those of the Partnership and are managed and evaluated in line with the risk and control mechanisms established for the Partnership. These risks are:

1. Insufficient profit to achieve our Purpose
2. Change delivery
3. Information security
4. Regulatory non compliance
5. Proposition
6. Partner differentiation
7. Customer experience
8. Partner wellbeing
9. Ethics and sustainability
10. Strategic resilience

Details of key mitigations to these principal risks and uncertainties are presented on pages 42 to 50 of the Partnership's Annual Report and Accounts 2023.

The principal financial risk the Partnership faces is that we will not make sufficient profit to achieve our Purpose, the impact of which would be a combination of reduced competitiveness and ultimately commercial failure, loss of Partner faith and democratic vitality due to lack of suitable Partner rewards endangering our partnership model, and inability to maintain our distinctive character.

The Partnership's financial risks relevant to Waitrose Limited include liquidity risk, foreign currency risk, credit risk and energy 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 2023.

Section 172(1) statement and statements on engagement with employees, suppliers, customers and others

This section forms the Company's section 172(1) statement. In accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section also constitutes the Company's statement on engagement with, and having due regard to the interest of our Partners (employees) and other key stakeholders.

The Company's ultimate parent company is John Lewis Partnership plc, which is owned in Trust for the benefit of its members, the Partners employed in the Partnership. Whilst being Directors of the Company, and having acted in a way they consider is most likely to promote the success of the Company, the Directors on the Board are also members of the Partnership's Executive Team, which manages the Partnership's business as part of the Partnership's governance structure. In carrying out their duties, the Directors have had in mind the Partnership's Purpose, which was refreshed at the start of 2022 and is set out in the Partnership's Constitution (available online at ww.johnlewispartnership.co.uk). The opening section states: "Our Partnership is an ongoing experiment to find happier, more trusted ways of doing business, for the benefit of us all. We work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities".

The Purpose is in many ways aligned to the matters to which Directors must have regard under section 172(1) of the Companies Act 2006 through its objectives to find more trusted ways of doing business and to work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities. Further information on decision-making and engagement with stakeholders in the Partnership can be found in the Partnership's Annual Report and Accounts 2023.

Decision-making at the Board
Certain matters, under the Company's governance arrangements, are reserved for decision by the Directors. Directors are briefed on the background and reasons for any proposal and the associated costs, benefits and risks, as well as any potential impacts and risks for our customers, Partners and other stakeholders including our suppliers, the community and environment and how they are to be managed. The Directors take these factors into account before making a final decision which together they believe is in the best interests of the Company and its members - our Partners.

Long term sustainability
The second Principle of the Constitution includes the objective of making "sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose". The shared aim of the Partnership Chairman, Partnership Council and Partnership Board, our three governing authorities, is to safeguard the Partnership's future, enhance its profitability and ensure its integrity.

Key stakeholders and community and environmental impact
When it is carrying forward that aim, the Board keeps in mind the impact the Company has on different stakeholder groups. It is not possible to have a financially healthy business, and thus a return for Partners as the beneficiaries of the Trust that holds the Partnership, on a sustainable basis if this is at the expense of other stakeholders. These stakeholders include: our customers, whose needs we respond to and with whom we aim to build long-term relationships; our producers and suppliers from whom we purchase goods and services; the communities and the environments in which we operate; and our financial stakeholders, including the Partnership Pension Trust, relationship banks and holders of John Lewis plc financial bonds. Alongside these, engagement with campaign groups and non-governmental organisations, particularly those working on ethics and sustainability, is key. Partners are the thread that draws these other stakeholders together, acting as owners of the business and more than employees. Information on the engagement methods in the Partnership, which are used by the Company's Directors, are in the Partnership's Annual Report and Accounts 2023.

Partners
Our Purpose is clear that, as owners of the business, Partners are more than employees and share knowledge, power and profit. The Constitution empowers all Partners to shape the future of the Company. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model and our long-term sustainability and success.

Partners receive updates about the Partnership from regular dialogue with management, email updates, podcasts, vlogs, the Partnership's intranet and through the weekly independent Gazette publication. Further information on the engagement methods in the Partnership, which are used by the Company's Directors, and on the democratic structures used to channel Partner views are on pages 33 to 34 and 58 to 61 respectively of the Partnership's Annual Report and Accounts 2023.

Customers
We take pride in making our customers happy. We put everything we have into everything we do, earning the loyalty and trust that we need to be successful. Our Partners support this by providing specialist expertise, curation and advice. The Partnership aims to offer its customers the best value in the marketplace for goods and services of comparable quality and availability. Our own brand ranges offer quality products for every budget, and we offer enhanced payment and credit services. We continually strive to optimise our customer experience by monitoring key customer metrics including Brand Advocacy (Net Promoter Score) and Customer Satisfaction (CSAT), reviewing performance against our historic measures and also our competitive market set.

The Partnership's customer research team monitors the voice of our customers, seeking to understand how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners and contact centres and external data sources. We also manage a dedicated Customer Perspectives Panel allowing deep dives, concept testing and more collaborative research on new services and products, to ensure we understand the customer engagement and reaction ahead of launches. Regular customer reports are produced for management and Directors for Partnership Board meetings, tracking and reviewing emerging trends and why they are occurring as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making.

Producers and suppliers
A strong, trusted and transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. We work closely with producers and our supply chain. It is the strong working relationships we form that allow us to source high quality, more sustainable and ethical products for our customers.

The Partnership Board monitors relationships with the Partnership's suppliers in a number of ways including: review by the Partnership's Audit and Risk Committee of compliance with the Groceries Supply Code of Practice; and the steps the Partnership is taking to meet its ethics and sustainability goals, to protect the human rights of those who grow, pick, pack or make our products and to prevent modern slavery and human trafficking in our business and supply chains through the Partnership's Ethics and Sustainability Committee. Further information is available at www.johnlewispartnership.co.uk/csr.

The Company also engages with suppliers through our dedicated online supplier portals and supplier forums, such as the Waitrose Farming Partnership (which encompasses the Livestock Steering Group, the Fish Forum and Agronomy Group), and a number of programmes and advocacy work including the Waitrose & Partners Foundation.

Communities in which we operate
In line with our Purpose, we are working in Partnership for a Happier World. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Partnership to support where help is needed. The Partnership Board monitors relationships with communities in which we operate via the Partnership's Ethics and Sustainability Committee, including the Partnership's response to the increasing social challenges faced by today's society.

The Partnership engages on matters impacting communities via a number of channels including our national charity partnerships. We select national charity partners that support our ambition to improve the lives of those most vulnerable in the community and with a geographical presence matching our estate where possible, giving our Partners the opportunity to make a difference locally.

Financial stakeholders
This includes the John Lewis Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc bonds. Through our website, we share details on our performance, and the Partnership's Treasury team provides further detail as needed. We invite our financial stakeholders to join our financial updates and announcements, which gives them an opportunity to hear and engage with the Directors and senior management.

Environmental impact
The Partnership is committed to sourcing the raw materials used in our own-brand products more sustainably, collaborating with others to drive positive change and being transparent about our progress. We recognise the potential negative impacts that raw materials used in our products can have on people, animals and the natural environment.

The Partnership Board monitors environmental impact via the Partnership's Ethics and Sustainability Committee, including responding to the environmental challenges faced by today's society and those which may impact our business operations. The Waitrose leadership team attends internal workshops used to establish programmes to reduce the environmental impact on those matters most material to the Partnership.

The Partnership engages on environmental issues via a number of stakeholders including our Partners, third parties and as signatories of a number of industry sustainability initiatives. This engagement ensures we have visibility of emerging threats as well as opportunities, are able to communicate and advocate collaboratively with the wider retail sector and develop our own initiatives to reduce our environmental footprint.

Business conduct
The Company's reputation for its standard of business conduct is a key driver of customer perception of our brand. All Partners are expected to contribute to the maintenance of high standards of business conduct, and the Constitution provides our framework to do this for all Partners. It includes specific Rules for Partners relating to maintaining honesty, fairness, courtesy and promptness in their business conduct.

Acting fairly as between the Company's members
The Company forms part of a group which is held in Trust for the benefit of its Partners, and their interests are at the forefront of Board decision-making. The first Principle of the Constitution states that we treat people with fairness, courtesy and respect. All Partners benefit from an interest in the ownership of the Partnership.

Groceries Supply Code of Practice
Waitrose is subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the 'Order') and the Groceries Supply Code of Practice ('GSCOP' also referred to as the 'Code').

Both the Order and, in particular, the Code, regulate Waitrose's everyday trading relationships with our Grocery suppliers, ensuring that, as a Designated Retailer, we treat our suppliers fairly. The Order also includes provisions on training requirements for our Buyers, mandates a need for agreements to be in place with all our Groceries suppliers and that any such agreements incorporate the Code. The desire to treat our suppliers fairly, is also enshrined within the Constitution and therefore is in keeping with the Partnership's general ethos. The Partnership's Audit and Risk Committee has responsibility for satisfying itself that the GSCOP governance framework and systems are appropriate and effective.

The Partnership continues to take compliance with the Code very seriously and Waitrose has worked hard over the past year to make further improvements to our overall GSCOP compliance. In particular we have:
- Launched updated GSCOP e-learning modules including a dedicated De-listing (as defined by the Code) module;
- Continued to raise the profile of the Code Compliance Officer (CCO) through bi-monthly newsletters to suppliers covering Code-related topics and introduced dedicated drop-in sessions for suppliers to book time with the CCO;
- Ensured that the Groceries Code Adjudicator's (GCA's) 7 Golden Rules for Cost Price Increases (CPIs) have been embedded into our standard Buying processes, through issuing bespoke guidance materials to our Buying teams (as defined by the Code), running training sessions on CPIs throughout the year and performing spot checks and audits on Buyer correspondence with Suppliers regarding CPIs;
- Worked closely with change programmes to ensure GSCOP is being considered when planning for changes which could significantly impact some of our suppliers, for example High in Fat, Salt or Sugar (HFSS) implementation.

Over the past year we have continued to work with the GCA, and our collaborative approach supports us in identifying underlying issues and trends based on supplier concerns that the GCA may bring to our attention. The CCO and GCA met on three occasions during the year and we continued to share information with the GCA which could be relevant to our supplier interactions on a timely basis. In June we hosted the GCA's team on a visit to the Waitrose Farm at Leckford.

Training
Mandatory training takes the form of a suite of e-learning modules on the Code which this year have been updated and now contain a separate De-listing module. Each year the Buying Team must complete their e-learning on the Code as well as attend an interactive briefing, prepared by our Compliance and Commercial Management Team with support from our Legal Department. This year's content focused on: Cost Price Increases (and the GCA's 7 Golden Rules), De-listing, forecasting accuracy and Buyer handovers. In addition, all new joiners attended an induction session with the Commercial Compliance Lead which covers GSCOP.

Of the 112 Partners who formed part of the Buying Team (as defined by the Order) during the Reporting Period and to whom the legal requirement for training relates, 110 completed their e-learning and attended the interactive briefing session. There were two instances where Buyers were not prompted to refresh their e-learning during the Reporting Period as a result of the incorrect training role assigned within our system. Additional regular checks have been introduced to ensure all the Buying Team have the correct training roles assigned to ensure this does not reoccur.

As in previous years, we have continued to train more Partners on the requirements of the Code than is strictly required by the Order, extending our mandatory training to all Partners who have a potentially supplier-facing role in business areas where GSCOP could have an impact. In total over 500 Partners have completed both the GSCOP e-learning and attended the interactive briefing session on the Code.

Breaches or Alleged Breaches
Where a Code-related issue or complaint is identified, Waitrose will always seek to understand the root cause of the problem and in the case of a supplier complaint, the reasons behind their concerns with the ultimate aim of resolving the issues quickly and ensuring that our suppliers have been treated fairly and in line with the Code.
All Code-related issues or complaints are reported to our GSCOP Working Group so any themes can be monitored and action taken where needed.

During the reporting period Waitrose had 26 cases (up from 15 last year) where a supplier either alleged that there had been a breach of the Code or referenced the Code in a query raised with the business. Specifically, there were:

- 17 complaints raised and resolved at 'level 1' (raised and resolved within the business);
- One complaint raised at 'level 1' resolved at 'level 2' (raised within the business resolved with the CCO);
- One complaint raised at 'level 1' (raised within the business) and resolved at 'level 1' after the end of the reporting period;
- Six complaints raised and resolved at 'level 2' (raised directly with the CCO);
  One complaint raised at 'level 2' (raised directly with the CCO) and resolved after the end of the reporting period.

The majority of matters raised by suppliers related to De-listing decisions, usually requesting the decision to be reviewed by a Senior Buyer, in keeping with their rights under the Code. To monitor Buyer compliance with our internal processes and guidance, we perform quarterly audits on Buyer communications which specifically focus on De-listing. These audits show that our processes during the Reporting Period, including our Senior Buyer reviews, continue to work well, with the overwhelming majority of De-listing complaints being resolved by Senior Buyers, without need for further escalation. Given the prevalence of De-listing as a key theme for Supplier complaints for most Designated Retailers over the years, we have added a specific De-listing module to our e-learning this year and included it again as a key topic within our annual Compliance briefing to the Buying Team.

Outside of De-listing, the most prevalent theme for supplier complaints linked to delays in payments. In almost all cases, any delays in payments were often linked to suppliers failing to follow Waitrose's financial processes or submitting invoices which contained errors. Once these were brought to the attention of the CCO, however, they were all promptly resolved with additional support being provided to suppliers where appropriate.

Forecasting issues is the final theme of supplier complaints, albeit on a much smaller scale compared to De-listing and delays in payments. Where these matters have been raised with the CCO, root cause analysis has been undertaken to consider the extent to which processes can be improved to provide better adherence to the Code. Although still ongoing into the next Reporting Period, the analysis has primarily highlighted issues with communication, rather than specific breaches of the Code linked to inaccurate forecasting.

Finally, earlier in the Reporting Period, the GSCOP Working Group identified a Code-related issue linked to the handful of suppliers who support our promotions with case cost discounts meaning that promotional stock would sometimes be picked and paid for at a non-promotional rate if sold via Deliveroo. As a result, in line with the GCA's request, we have migrated the overwhelming majority of impacted suppliers (with their consent) over to a more traditional trigger funding model to support promotions (which negates this issue), with those suppliers who chose to remain on a case cost discount model being regularly compensated retrospectively for any promotional stock that is sold at non-promotional prices on Deliveroo.
At the end of the year all bar one 'level 1' complaint and one 'level 2' complaint had been resolved (including one 'level 2' complaint carried over from 2020/21). The two outstanding complaints have since been closed to the supplier's satisfaction.

For the reporting period of 30 January 2022 to 28 January 2023 no formal disputes were raised.

This report was approved by the board on 27 April 2023 and signed on its behalf.

Bérangère Michel
Director
28 April 2023

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 JANUARY 2023

The Directors present their report and the financial statements for the period ended 28 January 2023.

Principal activity

Waitrose Limited is incorporated and registered in England and Wales. Waitrose operates 324 supermarkets and convenience shops in the UK, online (waitrose.com and specialist sites for wine, pet supplies, plants and flowers), cookery schools and the Leckford Estate (the Waitrose Farm). Shops also operate under licence in the Middle East. Waitrose Limited is a wholly owned subsidiary of John Lewis plc, within the John Lewis Partnership. The Company's subsidiaries are listed in note 16. A review of Waitrose Limited's results and activities is given within the Strategic report.

Results and dividends

The loss for the period, after taxation, amounted to £186,994,000 *(2022 - loss £2,292,000)*.

The share capital of the Company is wholly owned by John Lewis plc. No dividend (2022: £nil) was declared and paid to John Lewis plc during the year.

Directors and Company Secretary

The Directors and Company Secretaries who served during the period were:

Sharon White (Chairman)
Bérangère Michel
Jane Cheong Tung Sing (Company Secretary)

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 Partnership companies. No Director has or had a material interest in any contract or arrangement to which the Company is or was a party.

Political contributions

It is the Company's policy not to make donations to political groups or those acting with the express purpose of seeking changes to the law or political policy. No political contributions were made in respect of the year under review (2022: £nil).

Engagement with employees

The Constitution of the Partnership provides for the democratic involvement of our Partners as co-owners of the business. Partners are provided with extensive information on all aspects of business operations and are encouraged to take an active interest in promoting its commercial success.

The Partnership has in place a structure for sharing power amongst the Partnership Council (which reflects Partner opinion), the Partnership Board and the Partnership Chairman, as established by the Constitution. The Council's democratic network of elected councils, committees and forums enables Partners of all levels and experience to participate in decision making, challenge management on performance and have a say in how the business is run. There are further formal ways in which democratic vitality is encouraged: through Councillors and Forum representatives; open journalism through the Gazette; through the work of the Democratic Vitality Team, which seeks to gather and promote the communication of Partner opinion; and through the Independent Directors (Partners who are independent from executive accountabilities and are appointed by, and report to, the Partnership Chairman).

Partners may receive an annual Partnership Bonus from the profits of the business if approved by the Partnership Board in any given year. This is a shared bonus for shared effort. No Partnership Bonus was awarded in respect of 2022/23.

Equal opportunities, diversity and inclusion

The Company is committed to promoting equal opportunities in employment for existing Partners and prospective Partners throughout the recruitment process. All Partners and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. These are known as "Protected Characteristics".

The Partnership is actively working to attract Partners from a diverse range of backgrounds and experiences, and we remain devoted to nurturing a feeling of belonging in a Partnership where we all feel comfortable being our true selves without fear or judgement, no matter our background, identity or circumstance. The Partnership has a Diversity and Inclusion Plan, and the Inclusion Report sets out the steps the Partnership is taking to achieve its aim to become the UK's most inclusive business It is underpinned by the following Rules contained in the Constitution:

- Rule 54 - The Partnership takes no account of age, sex, marital status, sexual orientation, ethnic origin, social position or religious or political views.
- Rule 55 - The Partnership employs disabled people in suitable vacancies and offers them appropriate training and careers.

The Company recruits people with disabilities to suitable vacancies on merit. We offer tailored support through the recruitment process for applicants who declare their disability. In particular, we know adjustments are of utmost importance for our Partners with disabilities, be they physical or cognitive, and arrange reasonable adjustments required at an individual level to ensure our disabled applicants and Partners are supported.

Going concern

The Directors, after reviewing the Company operating budgets, investment plans and financing arrangements including obtaining a letter of support from the parent company, John Lewis plc, consider that the Company has sufficient financing available at the date of approval of this report to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Directors have therefore prepared the financial statements on a going concern basis.

Directors' and Officers' liability insurance and indemnities

The Directors and key managers (Officers) of the Company are beneficiaries of Directors' and Officers' liability insurance providing cover for claims made, subject to certain limitations and exclusions, which is purchased and maintained throughout the year by the Partnership. The Partnership also provides an indemnity for the benefit of each Trustee of the Partnership's Pension Fund, in respect of liabilities that may attach to them in their capacity as a Trustee.

Matters covered in the Strategic report

The Directors have chosen, as permitted under section 414C(11) of the Companies Act 2006, to include certain matters in the Strategic report that would otherwise be required to be disclosed in the Directors' report as the Board considers them to be of strategic importance. These are:

- Statements on engagement with employees, suppliers, customers and others - pages 4 to 6;
- Risk management - page 3;
- Future business developments - pages 3.

Statement of corporate governance arrangements

Waitrose, as a key trading subsidiary of John Lewis Partnership plc, falls within the governance auspices of the Partnership. The Directors of Waitrose are members of the Partnership's Executive Team and are two of the three Executive Directors on the Partnership Board.

Waitrose's corporate governance arrangements are in accordance with policies agreed by the Partnership Board and its Committees. These arrangements are explained in the Governance section on pages 56 to 94 of the Partnership's Annual Report and Accounts 2023. As stated in the Partnership's Annual Report and Accounts 2023, the Company does not report against any formal corporate governance code, because it is governed by the Partnership's own Constitution. The Constitution and the governance structures are broadly consistent with the Wates Principles. The Constitution sets out the Partnership's Purpose and values, and the Governance section of the Partnership's Annual Report and Accounts 2023 sets out how the Partnership's governing authorities are structured and monitor alignment of policy and behaviour with the Partnership's Purpose.

The management functions responsible for preparing the financial statements for Waitrose and its Internal Audit and Risk management functions are provided by the Partnership. The Partnership's Audit and Risk Committee (the Committee), which has at least one independent member and at least one member with competence in accounting, assists the Partnership Board in fulfilling its responsibility by reviewing and monitoring: (i) the integrity of the Partnership's financial and narrative statements, other formal announcements relating to the Partnership's financial performance, and reviewing significant financial reporting judgements contained in them; (ii) the effectiveness of the Partnership's system of internal controls and risk management; (iii) the effectiveness of the Partnership's auditor and the internal and external audit process; and (iv) the effectiveness of the Partnership's processes for compliance with laws and regulations, including systems and controls for the detection of fraud. Its composition and the Committee's activities in these areas are detailed in the Committee's report on pages 66 to 75 of the Partnership's Annual Report and Accounts 2023.

KPMG LLP were the Partnership's and the Company's external auditor for 2022/23. They provided the Committee with relevant reports, reviews, information and advice throughout the year, as set out in their engagement letter. The Committee is responsible for making a recommendation to the Partnership Board relating to the appointment, re-appointment or removal of the external auditor.

The Partnership has a risk management framework, including a process for how we identify, evaluate, manage and monitor the principal risks faced by the Partnership, supported by tools, Partners and a risk governance structure with defined accountability.

Reporting to the Committee during the year was through presentations from senior management and Financial Control as well as the work of Internal Audit, which provides independent and objective assurance on the effectiveness of controls through the delivery of a risk-based work plan. The Director of internal Audit and Risk reports operationally to the Chair of the Committee and structurally to the Partnership's Executive Director, Finance.The Partnership Board receives updates, through the Chair of the Committee and copies of its minutes, on the operation of the systems of internal control for risk management.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 28 JANUARY 2023

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 April 2023 and signed on its behalf.

J.C. C. T. Sing

Jane Cheong Tung Sing
Company Secretary
28 April 2023

WAITROSE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 JANUARY 2023

	Note	2023 £000	*2022 £000*
Revenue	4	**6,578,433**	*6,815,202*
Cost of sales		**(4,714,675)**	*(4,794,745)*
Gross profit		**1,863,758**	*2,020,457*
Other operating income		**43,290**	*37,946*
Administrative expenses		**(1,928,355)**	*(1,913,506)*
Exceptional items	7	**(152,688)**	*(30,116)*
Partnership Bonus		**-**	*(28,307)*
Operating (loss)/profit	5	**(173,995)**	*86,474*
Dividend income		**26,600**	*-*
Interest payable and similar expenses	11	**(69,870)**	*(71,702)*
(Loss)/profit before tax		**(217,265)**	*14,772*
Tax on (loss)/profit	12	**30,271**	*(17,064)*
Loss for the financial period		**(186,994)**	*(2,292)*

The notes on pages 17 to 44 form part of these financial statements.

There was no other comprehensive income for 2023 (2022: £nil).

Loss before Partnership Bonus, tax and exceptional items was £64,577,000 (2022: £73,195,000 profit).

The accounting period ended 28 January 2023 consists of 52 weeks (2022: 52 weeks).

WAITROSE LIMITED
REGISTERED NUMBER: 00099405

BALANCE SHEET
AS AT 28 JANUARY 2023

	Note	28 January 2023 £000	*29 January 2022 £000*
Fixed assets			
Intangible assets	14	**149,353**	*157,228*
Property, plant and equipment	15	**1,573,348**	*1,672,075*
Right-of-use-assets	15	**1,170,050**	*1,260,204*
Investments	16	**160,650**	*160,650*
		3,053,401	*3,250,157*
Current assets			
Inventories	17	**266,050**	*237,682*
Trade and other receivables: amounts falling due after more than one year	18	**779**	-
Trade and other receivables	18	**84,521**	*83,143*
Cash and cash equivalents		**62,393**	*60,471*
		413,743	*381,296*
Trade and other payables: amounts falling due within one year	19	**(1,600,931)**	*(1,518,355)*
Net current liabilities		**(1,187,188)**	*(1,137,059)*
Total assets less current liabilities		**1,866,213**	*2,113,098*
Trade and other payables: amounts falling due after more than one year	20	**(1,343,265)**	*(1,360,650)*
		522,948	*752,448*
Provisions for liabilities			
Deferred taxation	13	**(23,216)**	*(46,870)*
Other provisions	22	**(9,479)**	*(28,331)*
		(32,695)	*(75,201)*
Net assets		**490,253**	*677,247*
Capital and reserves			
Called up share capital	23	**1,000**	*1,000*
Retained earnings		**489,253**	*676,247*
		490,253	*677,247*

**BALANCE SHEET (CONTINUED)
AS AT 28 JANUARY 2023**

The financial statements were approved and authorised for issue by the board on 27 April 2023 and were signed on its behalf on 28 April 2023.

B Michel

Bérangère Michel
Director

The notes on pages 17 to 44 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 JANUARY 2023

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 31 January 2021	**1,000**	**678,539**	**679,539**
Comprehensive income/(expense) for the period			
Loss for the period	**-**	**(2,292)**	**(2,292)**
Total comprehensive (expense)/income for the period	**-**	**(2,292)**	**(2,292)**
At 30 January 2022	**1,000**	**676,247**	**677,247**
Comprehensive (expense)/income for the period			
Loss for the period	**-**	**(186,994)**	**(186,994)**
Total comprehensive (expense)/income for the period	**-**	**(186,994)**	**(186,994)**
At 28 January 2023	**1,000**	**489,253**	**490,253**

The notes on pages 17 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2023

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The Company's registered number is 00099405.

Waitrose operates supermarkets and convenience shops in the UK, online (waitrose.com and specialist sites for wine, pet supplies, plants and flowers), cookery schools and the Leckford Estate (the Waitrose Farm). Shops also operate under licence in the Middle East. Waitrose Limited is a wholly owned subsidiary of John Lewis plc, within the John Lewis Partnership group of companies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards in particular Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of John Lewis Partnership plc as at 28 January 2023 and these financial statements may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

2. Accounting policies (continued)

2.3 Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 28 January 2023, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Company.

The Company is part of a wider group ('the Group'), of which John Lewis plc is the parent company, and the Company's ability to operate as a going concern is directly linked to the Group's position. The Company meets its day to day working capital requirements from intercompany loan and trading balances from the Group.

John Lewis plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts currently due to the Group, which at 28 January 2023 amounted to £828,571,000, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Board of John Lewis plc undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due for the period ending 27 April 2024. The assessment included a base forecast and a severe downside case which represents an increasingly severe but plausible scenario. The impact of the severe downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these occur, mitigating actions would be required to ensure that the Group remains liquid and financially viable. The severe downside modelled has a significant adverse impact on sales, margin, costs and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the severe downside scenario materialising. This assessment was made available to the Directors of the Company who have considered it in their assessment.The Group severe downside indicates that after available mitigations there would be no breaches of covenants.

The Directors, after reviewing the Company operating budgets, investment plans and financing arrangements including obtaining a letter of support from the parent company John Lewis plc, consider that the Company has sufficient financing available at the date of approval of this report to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Directors have therefore prepared the financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest payable and similar expense'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue from sale of goods and services is recognised when the Company has satisfied its performance obligation by transferring a promised good or service to a customer. The good or service is considered to be transferred when the customer obtains control of that good or service. Revenue is also net of Partner and customer discounts and VAT. Revenue is recognised in respect of sales under bill and hold arrangements when the buyer takes control of the asset, even if it has not physically been transferred to the customer. Revenue under bill and hold arrangements is not recognised when there is simply an intention to acquire.

Revenue in respect of gift vouchers and gift cards are recognised when the gift vouchers or cards are redeemed. Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding non-redemption rates and time to expiry. The business is predominantly carried out in the United Kingdom and gross sales and revenue derive almost entirely from that source.

2.6 Other operating income

Other operating income is income that does not relate to the main trading operations of the Company. Other operating income includes commission income, backhauling income and income from other services.

2. Accounting policies (continued)

2.7 Employee benefits

The Company has no direct employees. Partners providing services to Waitrose are employees of the parent company John Lewis plc and are members of the John Lewis Partnership Trust for Pensions. The accounting policy adopted by the Partnership in respect of pension costs is explained below.

The Partnership's retirement benefit scheme is a pension scheme made up of two parts: the defined benefit section and the defined contribution section. The defined benefit section of the scheme is a pension fund with assets held separately from the Partnership. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method, which measures the liability based on service completed and allowing for projected future salary increases.

On 1 April 2020, the defined benefit section of the scheme closed to future accrual. Following closure, members' deferred pensions will now increase annually by inflation up to five per cent per annum (measured using the Consumer Price Index, CPI).

The current service cost is the increase in the present value of the retirement benefit obligation resulting from employees' service. Following the closure of the defined benefit section of the pension scheme, no future current service costs have been recognised beyond 1 April 2020. The current service cost is included within operating profit in the consolidated income statement. Following the closure of the defined benefit section of the pension scheme, no future current service costs will be recognised.

The past service cost represents the change in the present value of the retirement benefit obligation in relation to employees' service in prior years. This may arise as a result of amendments made to the defined benefit scheme during the year, or a reduction in the number of employees covered by the scheme. Past service costs are also included within operating profit, along with any gains or losses on settlement.

Remeasurements of defined benefit pension schemes due to experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income during the period in which they arise.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Contributions to the Partnership's defined contribution section are charged to the income statement as they are incurred. The Partnership has no further obligation once the contributions have been made.

It is not possible to identify a proportionate share for Waitrose Limited of the assets and liabilities of the Partnership's scheme. The pension operating costs charged to the Waitrose Limited statement of comprehensive income represents a proportion of total pay of Partners working in Waitrose.

The Partnership also has a scheme to provide up to six months paid leave after 25 years' service (long leave). The cost of providing the benefits under the scheme is determined using the projected unit credit actuarial valuation method. The current service cost is included within operating profit in the Partnership's consolidated income statement. The financing elements of long leave are included in finance costs in the consolidated income statement. Actuarial gains or losses are taken directly to the Partnership's consolidated income statement. The long leave operating costs recognised in the Waitrose Limited statement of comprehensive income represents a proportion of total pay of Partners working in Waitrose and is recharged by the Partnership.

2. Accounting policies (continued)

2.8 Partnership Bonus

Whether to award a Partnership Bonus is decided by the Partnership Board each March, having regard to performance in the previous year. When the Partnership Board has decided to award a Bonus, it is announced and paid in the same month.

The Partnership Bonus is recorded in the year it relates to rather than the year it was declared because there is a constructive obligation to pay a Partnership Bonus and it can be reliably estimated once the results for the year are known.

2.9 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Trade and other payables' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2. Accounting policies (continued)

2.9 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.15.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.12 Exceptional items

The separate reporting of exceptional items helps to provide an indication of the Company's underlying business performance. Exceptional items relate to certain costs or incomes that individually or collectively, are significant by virtue of their size and nature. In considering the nature of an item, management's assessment includes, both individually and collectively, each of the following:

- Whether the item is outside of the principal activities of the business;
- The specific circumstances which have led to the item arising;
- The likelihood of recurrence.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets, comprising both purchased and internally developed computer software. The cost of internally developed software, including all directly attributable costs necessary to create, produce and prepare the software for use, is capitalised where the development meets the criteria for capitalisation required by IAS 38. This may include capitalised borrowing costs. Internally developed software assets that are not yet in use are reviewed at each reporting date to ensure that the development still meets the criteria for capitalisation, and is not expected to become impaired or abortive. Once available for use, the purchased or internally developed software is amortised on a straight line basis over its useful economic life, which is deemed to be between three and ten years. The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

2.14 Property, plant and equipment

The cost of property, plant and equipment includes the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. This may include capitalised borrowing costs.

The Company's freehold and long leasehold properties were last revalued to fair value by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, at 31 January 2004. These values have been incorporated as deemed cost, subject to the requirement to test for impairment in accordance with IAS 36. The Company decided not to adopt a policy of revaluation since 31 January 2004.

Other assets are held at cost.

Right-of-use assets

Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

2. Accounting policies (continued)

2.14 Property, plant and equipment (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 25 to 50 years
Long-term leasehold property	- Over the shorter of the useful economic life or the remaining period of the lease
Fixtures and fittings	- 10 to 40 years on building fittings, 3 to 10 years on vehicles and information technology equipment
Assets in the course of construction	- No depreciation is charged on assets in the course of construction.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Impairment

Assets are reviewed for impairment at least annually or whenever events or circumstances indicate that the net book value may not be recoverable.

Impairment testing is performed on cash generating units (CGUs) which are individual shops, this being the lowest level of separately identifiable cash flows. Waitrose online sales are allocated directly to the shop that the online order is picked and fulfilled from. An impairment loss is recognised for the value by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate, which reflects the asset specific risks and the time value of money.

When an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of the recoverable amount, but ensuring the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the CGU in prior years. A reversal of an impairment loss is recognised as a credit to the income statement when recovery of performance is considered reasonably certain.

2.16 Assets held for sale

Assets held for sale are assets previously classified as non-current which are expected to be sold rather than held for continuing use in the Company. These have principally arisen as part of the Company's review of its physical estate. Assets held for sale have not been sold at the balance sheet date but are being actively marketed for sale, with a high probability of completion within 12 months and are therefore classified as current assets.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.18 Inventories

Inventory is stated at the lower of cost, which is computed on the basis of average unit cost, and net realisable value. Slow moving and obsolete inventory is assessed for impairment at each reporting period based on past experience and appropriate provision made. Inventory also includes a 'right to return' goods asset, which represents the value of inventory expected to be returned as a result of customers exercising their rights under the Company's policy. The expected level of returns is based on past experience.

2.19 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance 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. The Company also performs analysis on a case by case basis for particular trade receivables with irregular payment patterns or history.

2.20 Supplier income (shown as part of accrued income)

The price that the Company pays suppliers for goods is determined through negotiations with suppliers regarding both the list price and a variety of rebates and discounts. The principal categories of rebate income are in the form of volume and marketing rebates. Supplier income is generated from two categories as follows:

- Volume rebates: Volume rebates are earned based on sales or purchase triggers set over specific periods, such as the number of units sold to customers or purchased from the supplier. Volume rebates are recognised over the period set out in the supplier agreement.
- Marketing rebates: Marketing rebates include promotions, mark downs or marketing support provided by suppliers. Marketing rebates are agreed with suppliers for specific periods and products.

Rebate income (shown as part of trade receivables) is recognised when the Company has contractual entitlement to the income, it can be estimated reliably and it is probable that it will be received.

Rebate income recognised is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which a rebate has been earned. Depending on the agreement with suppliers, rebates invoiced are either received in cash from the supplier or netted off against payments made to suppliers.

For promotions which are confirmed after the Balance sheet date, the Company may be required to estimate the amounts due from suppliers at the year end. Estimates of supplier income are accrued within accrued income, and are based on a review of the supplier agreements in place and of relevant sales and purchase data.

The majority of rebates are confirmed before the year end, therefore the level of estimate and judgement required in determining the year end receivable is limited.

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.22 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.24 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The

2. Accounting policies (continued)

2.24 Financial instruments (continued)

effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including management's reasonable expectations of future events.

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:

Impairment
In line with the Company's accounting policy, management must assess the value in use of each CGU when testing for impairment. This requires estimation of the present value of future cash flows expected to arise from the continued operation of the CGU. These estimates require assumptions over future sales performance, future costs and long term growth rates, as well as the application of an appropriate discount rate. The value in use calculation is based on five-year cash flow projections using the latest budget and forecast data. Any changes in sales performance and costs are based on past experience and expectations of future changes in the market. The forecasts are then extrapolated beyond the five-year period using a long-term growth rate of 2.0%. A pre-tax discount rate of 13.5% (2022: 10.0%) has been used, calculated by reference to the Company's Weighted Average Cost of Capital (WACC).

Exceptional items
Exceptional items are those where, in management's opinion, their separate reporting provides a better indication of the Company's underlying business performance; and which are significant by virtue of their size and nature. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the principal activities of the business; the specific circumstances which have led to the item arising; and the likelihood of recurrence.

No single criterion alone classifies an item as exceptional, and therefore management must exercise judgement when determining whether, on balance, presenting an item as exceptional will help users of the financial statements understand the Company's underlying business performance.

4. Revenue

The business is predominantly carried out in the United Kingdom and revenue derives almost entirely from that source.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2023

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023 £000	2022 £000
Depreciation of property, plant and equipment	**(182,439)**	*(117,782)*
Depreciation of right-of-use assets	**(166,831)**	*(114,339)*
Amortisation of intangible assets	**(49,128)**	*(45,903)*
(Loss) on disposal of property, plant and equipment and intangible assets	**(1,725)**	*(4,013)*
Defined contribution pension cost	**(71,850)**	*(77,205)*
Cost of stocks recognised as an expense	**(4,714,675)**	*(4,794,745)*

Included within depreciation of property plant and equipment is a net impairment charge of £66,015,000 (2022: reversal of £2,400,000) and in depreciation of right-of-use assets is a net impairment charge of £57,154,000 (2022: charge of £4,200,000).

6. Auditor's remuneration

During the period, the Company obtained the following services from the Company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	**775**	*507*

7. Exceptional items

	2023 £000	2022 £000
Strategic restructuring and redundancy programmes:		
Central operations reviews	**132**	*(6,938)*
Physical estate	**6,037**	*6,741*
Shop operations	**956**	*30,313*
	7,125	*30,116*
Store impairments	**128,410**	-
Cost of living payment	**17,153**	-
	152,688	*30,116*

7. Exceptional items (continued)

Exceptional items in the year to 28 January 2023 are as follows:

Strategic restructuring and redundancy programmes: The Partnership Plan, incorporating Waitrose, is about two things - increasing the appeal of our brands and building on them to diversify into new services. Some of this transformation is in the form of restructuring.

Given the scale of the transformation, the programmes of activity will take a number of years to deliver. The costs incurred over the life of the change programmes outlined are significant in value and, given the level of change, they are significant in nature, therefore the Company considers them exceptional items to provide a more meaningful view of the Company's underlying business performance. The financial impact of these programmes for 2023 is detailed below:

Central operation reviews: The transformation of central operations began at the end of 2017 to make the central operations leaner and more efficient. The associated transformation programmes have reached completion this year with a net £132,000 of costs (2022: £6,938,000 provision release) recognised across the Head Office Transformation and Tech & Change Transformation initiatives, primarily related to redundancies.

The charge for the year relating to the head office review has been allocated between the legal entities John Lewis plc and Waitrose Limited, on the basis that the head office functions to which this cost relates, provide support services for the trading businesses of both entities.

Physical estate: Since 2017, we have been working on our programme of optimising our existing estate; this includes ensuring that the size and shape of our physical estate is delivering on both our customer proposition, and financial returns. With the launch of the Partnership Plan, and the acceleration of change we have seen in customer shopping behaviour, we have refocused on the need to ensure our stores reflect how our customers want to shop and as a result we anticipate these changes may now be extended to 2027/28.

This year we have recognised a net exceptional charge of £6,037,000 (2022: £6,741,000). The net charge includes costs for the closure of two Waitrose stores, announced in August 2022, primarily comprising redundancies and impairment of assets. Further impairment charges were recognised following the announcement to close seven floors of our London office and revised the use of our Bracknell office buildings. Consistent with the accounting treatment for head office reviews above, these charges have been allocated between John Lewis plc and Waitrose Limited.

Shop operations: Alongside the assessment of our physical estate, we also identified that the way in which we run and manage our shops would require adjustment. In order to improve the customer experience and efficiencies in our stores, we have made a number of changes in our shop operating models. This has included reviewing store management structures, the centralisation of certain functions, and aligning regional offerings in order to deliver a more flexible, multi-skilled and productive model.

In July 2021, we announced the proposal to redesign management structures in Waitrose shops to be simpler and more flexible. This change programme has progressed since January 2022 and, in the 52 weeks to 28 January 2023, we have recognised a net charge of £956,000 primarily related to redundancies.

Store impairments: In 2023, a net impairment charge of £128,410,000 (2022: £nil) has been recognised. The cash flow forecasts for individual Waitrose stores at January 2023 have been updated for the latest view of future trading, based on a prudent scenario which excludes costs and benefits associated with capital investment.

The charge has been recognised as exceptional by virtue of its size, and that the circumstances which have led to the charge arising are unique and unusual, including external factors such as higher discount rates, shifts in consumer behaviours and high inflation. See note 15 for further detail.

Cost of living payment: In 22/23, the Partnership Board decided to distribute a one-off cost of living

7. Exceptional items (continued)

support payment of up to £500 per Partner, pro rata based on scheduled weekly hours. The total cost including employers' National Insurance was £17,153,000 (2022: £nil). The Company has classified these payments as an exceptional item to provide a more meaningful view of the Company's underlying business performance because this type of payment is specific to the economic circumstances this year.

8. Retirement benefit obligations

Partners working in Waitrose Limited, where eligible, are members of the John Lewis Partnership Trust for Pensions. The scheme is made up of two parts: the defined benefit section and the defined contribution section.

The defined benefit section provides a non-contributory pension in retirement based on Partners' pensionable pay and pensionable service. John Lewis plc is the sponsoring employer for the scheme. The consolidated financial statements of John Lewis Partnership plc recognise and disclose the net defined benefit cost of the scheme. The assets of the pension scheme are held separately from the Partnership. This scheme closed to new members and future accrual on 1 April 2020 and all active members of the scheme moved to become deferred members.

The defined contribution section is where contributions made by Partners and the Partnership are invested in a choice of funds and then the contributions and investment returns are used to buy benefits on retirement.

The pension costs charged in the Waitrose Limited financial statements are £71,850,000 (2022: £77,205,000). The basis of allocation of pension costs of the Partnership to Waitrose is a proportion of total pay based on the estimated long-term costs of providing the benefit.

It is not possible to identify a proportionate share for Waitrose Limited of the assets and liabilities of the Partnership's defined benefit section of the pension scheme. The Partnership's pension deficit as at 28 January 2023 is provided in note 6 of the Partnership's Annual Report and Accounts.

During the year, Waitrose Limited provided a corporate guarantee to the pension scheme. This guarantee means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against Waitrose Limited for those payments. There is no requirement for Waitrose Limited to maintain a minimum net asset position.

9. Partners

The Company has no direct employees. The Partner numbers and benefits referred to below relate to Partners providing services to Waitrose who are employees of the parent company John Lewis plc.

The average monthly number of Partners, during the period was as follows:

	2023 No.	*2022 No.*
Selling and distribution	**51,000**	*54,100*
Administration	**1,700**	*1,700*
	52,700	*55,800*

Employment and related costs were as follows:

	2023 £000	*2022 £000*
Wages and salaries	**892,521**	*945,328*
Social security costs	**63,107**	*62,112*
Partnership Bonus	**-**	*25,259*
Employers' National Insurance on Partnership Bonus	**-**	*3,048*
Other pension costs	**71,850**	*77,205*
Long leave cost	**4,900**	*5,249*
Cost of living payment (including employers National Insurance)	**17,153**	*-*
Total before Partner discounts	**1,049,531**	*1,118,201*
Partner discounts (deducted from revenue)	**46,314**	*52,817*
	1,095,845	*1,171,018*

10. Directors' remuneration

At the year end, there were two Directors of the Company.

Both Directors were also Directors of the holding company, John Lewis plc and other subsidiaries within the Group. The emoluments of the Directors are paid by John Lewis plc. The Directors do not believe it is practicable to apportion the remuneration of the Directors between services as a Director of this Company and services as a Director of John Lewis plc as their principal duties relate to the Partnership as a whole. The emoluments of the Chairman, who was also the highest paid Director, are disclosed in the financial statements of John Lewis Partnership plc.

11. Interest payable and similar expenses

	2023 £000	2022 £000
Other loan interest payable	**69,870**	*71,702*

12. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	**(11,617)**	*1,853*
Adjustments in respect of previous periods	**5,000**	*(2,348)*
Total current tax	**(6,617)**	*(495)*
Deferred tax		
Origination and reversal of timing differences	**(15,869)**	*4,513*
Changes to tax rates	**(4,077)**	*9,741*
Deferred tax - prior year	**(3,708)**	*3,305*
Total deferred tax	**(23,654)**	*17,559*
Taxation on (loss)/profit on ordinary activities	**(30,271)**	*17,064*

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2022 - higher than)* the standard rate of corporation tax in the UK of 19% *(2022 - 19%)*. The differences are explained below:

	2023 **£000**	*2022* *£000*
(Loss)/profit on ordinary activities before tax	**(217,265)**	*14,772*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**(41,280)**	*2,807*
Effects of:		
Changes in tax rate	**(4,077)**	*9,741*
Adjustments to tax charge in respect of prior periods	**1,292**	*957*
Non-taxable income	**(5,054)**	*-*
Depreciation of assets not qualifying for tax relief	**6,387**	*6,231*
Difference between accounting and tax base for land and buildings	**1,813**	*(928)*
Other/expenses not deductible	**10,648**	*(1,744)*
Total tax (credit)/charge for the period	**(30,271)**	*17,064*

Waitrose Limited's effective tax rate for the current year is 13.9% (2022: 115.5%).

Factors that may affect future tax charges

The main rate of UK corporation tax is 19.0% and will increase to 25.0% from 1 April 2023 as substantively enacted in Finance Act 2021. This has increased the tax rate applied on deferred tax balances for the past two years and will increase the tax rate applied on taxable profits and losses from the 2023/24 financial year.

13. Deferred taxation

	2023 **£000**	*2022* *£000*
At beginning of year	**(46,870)**	*(29,311)*
Charged/(credited) to profit or loss	**23,654**	*(17,559)*
At end of year	**(23,216)**	*(46,870)*

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	28 January 2023 £000	*29 January 2022 £000*
Accelerated capital allowances	**(27,594)**	*(40,993)*
Tax losses carried forward	**11,185**	*-*
Capital gains tax on land and buildings	**1,275**	*2,248*
Revaluation of land and buildings	**(658)**	*(706)*
Pensions and provisions	**(23,649)**	*(22,219)*
Rollover gains	**(4,002)**	*(4,002)*
Other	**20,227**	*18,802*
	(23,216)	*(46,870)*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2023

14. Intangible assets

Computer software

	Purchased £000	Internally generated £000	Work in progress £000	Total £000
Cost				
At 30 January 2022	81,975	286,888	19,699	388,562
Additions - external	-	798	40,456	41,254
Intra-group transfers	24,915	11,544	(36,459)	-
Disposals	(6,277)	(26,812)	-	(33,089)
At 28 January 2023	100,613	272,418	23,696	396,727
Amortisation				
At 30 January 2022	63,349	167,985	-	231,334
Charge for the period on owned assets	14,969	34,159	-	49,128
On disposals	(6,276)	(26,812)	-	(33,088)
At 28 January 2023	72,042	175,332	-	247,374
Net book value				
At 28 January 2023	28,571	97,086	23,696	149,353
At 29 January 2022	*18,626*	*118,903*	*19,699*	*157,228*

Amortisation of intangible assets is charged within operating expenses.

There are two individually significant assets (2022: two) within the total carrying amount of intangible assets as at 28 January 2023: one is a distribution project (£56,939,000, 2022: one project, £61,517,000) and the other is a customer project (£37,045,000, 2022: one project, £35,654,000). These assets have remaining useful economic lives ranging from three to ten years.

15. Property, plant and equipment

	Land and buildings £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 30 January 2022	2,364,956	884,549	37,813	3,287,318
Additions	1,852	5,370	107,805	115,027
Disposals	(34,699)	(50,425)	-	(85,124)
Transfers between classes	39,523	33,016	(72,539)	-
At 28 January 2023	2,371,632	872,510	73,079	3,317,221
Depreciation				
At 30 January 2022	909,307	705,936	-	1,615,243
Charge for the period on owned assets	121,672	60,767	-	182,439
Disposals	(5,420)	(48,389)	-	(53,809)
At 28 January 2023	1,025,559	718,314	-	1,743,873
Net book value				
At 28 January 2023	1,346,073	154,196	73,079	1,573,348
At 29 January 2022	*1,455,649*	*178,613*	*37,813*	*1,672,075*

Included within the net book value at 28 January 2023 are £5,300,000 (2022: £3,800,000) of owned assets which are outside the Company's normal course of business.

For the year ended 28 January 2023, the depreciation charge for the period includes a net impairment charge of £55,151,000 in land and buildings (2022: reversal of £4,700,000 reversal) and a net impairment charge of £10,864,000 in fixtures and fittings (2022: charge of £2,300,000).

Right-of-use assets

	Buildings £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 30 January 2022	**1,596,151**	**4,619**	**1,600,770**
Additions	**80,977**	**-**	**80,977**
Disposals	**(6,669)**	**-**	**(6,669)**
At 28 January 2023	**1,670,459**	**4,619**	**1,675,078**
Depreciation			
At 30 January 2022	**337,953**	**2,613**	**340,566**
Charge for the year	**165,966**	**865**	**166,831**
Disposals	**(2,369)**	**-**	**(2,369)**
At 28 January 2023	**501,550**	**3,478**	**505,028**
Net book value			
At 28 January 2023	**1,168,909**	**1,141**	**1,170,050**
At 29 January 2022	*1,258,198*	*2,006*	*1,260,204*

For the year ended 28 January 2023, the depreciation charge for the period includes a net impairment charge of £57,154,000 in buildings (2022: charge of £4,200,000)

Impairment
The carrying value of Waitrose plant, property and equipment and right of use assets that were subject to impairment testing is £371,100,000, after impairment. The plan includes the impact of the updated property strategy, and factors in changes to customer behaviour post-pandemic as well as the impacts of higher inflation and the associated cost of living crisis. The updated cash flow forecasts have led to new impairment charges of £130,262,000 and reversal of previous impairment charges of £7,093,000. The releases are due to improved store performance which has been judged to be sustainable.

Included in the above is a net charge of £123,169,000 relating to the physical estate and store impairment, split into a net charge of £129,260,000 recognised in exceptional items and a release of £6,091,000 recognised in operating expenses. Of the £129,260,000 charge to exceptional items, £128,410,000 relates to store impairment.

The impairment calculations for Waitrose stores use a post-tax cash flow based on a five year plan approved by the Board. The forecasts exclude any costs or benefits associated with capital investments. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales which includes the recovery of volumes through price investment and year-on-year sales growth; margin rates which includes the effect of cost inflation and cost efficiencies; and discount rate. Waitrose online sales are allocated directly to the store that the online order is picked and fulfilled from. Online sales are therefore included in the Waitrose CGUs as the sales are directly attributable to store activity; this is not considered a key judgement.

The Waitrose Customer Fulfilment Centres (CFCs) have been included in the impairment review alongside the store CGUs in a way that reflects the commercial reality that the CFCs are designed to serve specific regional postcodes of the UK alongside the stores.

The impairment estimation is most sensitive to changes in the sales and margin forecasts. Reducing the sales growth by 3.0% would together increase the impairment by £25,200,000. A decline of 75 bps in the margin rate would increase the impairment by £32,100,000.

The pre tax discount rate of 13.5% (2022: 10.0%) used in the calculation of cash flows is derived from the Weighted Average Cost of Capital (WACC) which has increased from last year end, reflecting both the higher cost of equity in an inflationary environment and the lower market leverage, as the retail market has recovered somewhat from Covid-19. An increase in the discount rate of 300 bps would increase the impairment charge by £38,500,000.

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 30 January 2022	**160,650**
At 28 January 2023	**160,650**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Waitrose (Guernsey) Limited	Ordinary	100%
Waitrose (Jersey) Limited	Ordinary	100%
Admiral Park Retail Management Limited	A Shares	53%
Admiral Park Retail Management Limited	B Shares	100%
Park One Management Limited	B Shares	30.4%

The address of the registered office of Waitrose (Guernsey) Limited and Admiral Park Retail Management Limited is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB. The address of the registered office of Waitrose (Jersey) Limited is 44 Esplanade, St Helier, Jersey, JE4 9WG. The address of the registered office of Park One Management Limited is Number 22 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS

17. Inventories

	28 January 2023 £000	29 January 2022 £000
Raw materials and consumables	912	598
Work in progress (goods to be sold)	208	74
Finished goods and goods for resale	264,930	237,010
	266,050	237,682

Provisions against inventories of £337,000 were released (2022: charge of £2,737,000) within cost of sales.

18. Trade and other receivables

	28 January 2023 £000	29 January 2022 £000
Due after more than one year		
Other debtors	779	-
	779	-

	28 January 2023 £000	29 January 2022 £000
Due within one year		
Trade receivables	22,294	32,310
Other receivables	11,010	8,546
Current tax receivable	953	505
Prepayments	32,163	28,530
Accrued income	18,101	13,252
	84,521	83,143

18. Trade and other receivables (continued)

Trade receivables are non-interest bearing and generally on credit terms of less than 90 days. Concentrations of credit risk are considered to be very limited. The carrying amount of trade and other receivables approximates to fair value and is denominated in sterling. Within accrued income, there is £2,880,000 (2022: £3,346,000) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £15,221,000 (2022: £9,906,000) in relation to other operating income items which has not been billed at the reporting date. The unbilled amounts of other operating income is made up of items that are individually not material for further disclosures and had no significant changes during the period.

The Company recognises loss allowances for expected credit losses within administrative expenses in the income statement. As at 28 January 2023, trade and other receivables of £46,000 (2022: £744,000) were partially or fully impaired.

As at 28 January 2023, trade and other receivables of £3,186,000 (2022: £5,396,000) were past due but not impaired. The ageing analysis of the past due amounts are as follows:

	2023 £000	*2022 £000*
Up to 3 months past due	**3,125**	*4,784*
3 to 12 months past due	**42**	*358*
Over 12 months past due	**19**	*254*
At end of year	**3,186**	*5,396*

19. Trade and other payables

	28 January 2023 £000	*29 January 2022 £000*
Trade payables	**593,092**	*564,128*
Amounts owed to group undertakings	**828,571**	*739,347*
Other taxation and social security	**24,857**	*30,528*
Lease liabilities	**102,952**	*100,423*
Other payables	**13,712**	*16,553*
Accruals	**33,368**	*62,138*
Deferred income	**4,379**	*5,238*
	1,600,931	*1,518,355*

Amounts owed to group companies are unsecured, repayable on demand and interest free.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2023

20. Trade and other payable: amounts falling due after more than one year

	28 January 2023 £000	*29 January 2022 £000*
Lease liabilities	**1,335,589**	*1,352,758*
Other creditors	**-**	*80*
Deferred income	**7,676**	*7,812*
	1,343,265	*1,360,650*

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	28 January 2023 £000	*29 January 2022 £000*
Lease liabilities		
Repayable by instalments	**948,162**	*979,047*
Total amounts due after more than five years	**948,162**	*979,047*

21. Leases

Company as a lessee

The Company has lease contracts for various shops, offices, warehouses and vehicles used in the operations.

Lease liabilities are due as follows:

	2023 £000	2022 £000
Not later than one year	**102,952**	*100,423*
Between one year and five years	**387,427**	*373,711*
Later than five years	**948,162**	*979,047*
	1,438,541	*1,453,181*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023 £000	2022 £000
Interest expense on lease liabilities	**(69,870)**	*(71,702)*
Depreciation charge for right-of-use assets	**(166,831)**	*(114,339)*
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**-**	*(559)*
Variable lease payments not included in the measurement of lease liabilities	**(2,898)**	*(2,628)*
Income from sub-leasing right-of-use assets	**5,708**	*3,683*

Included within depreciation of right-of-use assets is a net impairment charge of £57,154,000 (2022: charge of £4,200,000).

The balance sheet shows the following amounts related to right-of-use assets:

	2023 £000	2022 £000
Carrying amount of right-of-use assets	**1,170,050**	*1,260,204*
Additions to right-of-use assets	**80,977**	*58,292*

The total cash outflow for leases was £159,420,000 (2022: £153,045,000).

22. Provisions

	Reorganisation £000	Other £000	Total £000
At 30 January 2022	**24,417**	**3,914**	**28,331**
Charged to profit or loss	**5,682**	**5,789**	**11,471**
Utilised in period	**(26,981)**	**(651)**	**(27,632)**
Released in period	**(803)**	**(1,888)**	**(2,691)**
At 28 January 2023	**2,315**	**7,164**	**9,479**

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to our shop, distribution and retail operations.

Other provisions include property related costs.

23. Share capital

	28 January 2023 £000	*29 January 2022 £000*
Allotted, called up and fully paid		
1,000,000 *(2022 - 1,000,000)* ordinary shares of £1 each	**1,000**	*1,000*

24. Capital commitments

At 28 January 2023, contracts had been entered into for future capital expenditure of £14,346,000 (2022: £10,502,000) of which £13,347,000 (2022: £9,483,000) relates to property, plant and equipment and £999,000 (2022: £1,019,000) relates to intangible assets.

25. Controlling party

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.

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 28 JANUARY 2023

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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

B Michel

Bérangère Michel
Director
Waitrose Limited
28 April 2023
171 Victoria Street, London, SW1E 5NN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAITROSE LIMITED

Opinion

We have audited the financial statements of Waitrose Limited ("the Company") for the 52-week period ended 28 January 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2023 and of its loss for the 52-week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk Committee, internal audit, legal counsel and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board, Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited perceived pressure on management to achieve an expected revenue target and limited opportunity to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, journals posted to seldom used accounts by unexpected users and post close journal entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and environment protection legislation, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 45, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Frost (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 April 2023