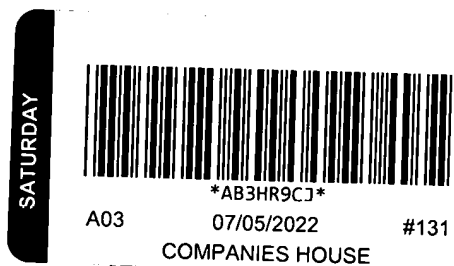


WAITROSE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**



WAITROSE LIMITED

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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 auditors KPMG
15 Canada Square
London
E14 5GL

WAITROSE LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 29 JANUARY 2022

Business review

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

Waitrose achieved revenue of £6.8bn, down 0.9% on the previous year but with like-for-like sales, factoring in the impact of a 53rd week for 2020/21 and store closures but excluding fuel, up 0.9%. Waitrose had a strong Christmas period and outperformed the grocery market by 1% for the year, driven by online. Total online sales now stand at 17%, up from 14% a year ago and 5% in 2019/20.

Waitrose's profit margins have been significantly diluted by inflationary pressures within supply chains, higher levels of absence due to Covid-19 and higher fulfilment costs as a result of the increased levels of online trade. Waitrose has also seen a decline in revenue as customer demand softened in the second half of the year compared to the previous year, as much of the UK returned to more normal shopping patterns and the hospitality sector rebounded.

Waitrose's partnership with Deliveroo has continued to develop and it is now available in over 150 of our stores, frequently generating weekly sales of £1m. We are now trialling Deliveroo Hop which offers delivery in as little as 10 minutes.

Over the course of the year we invested £90m in 18 shop refurbishments, expanded our ecomm capacity and opened ten new Waite & Rose cafes. We plan to continue this investment in our store estate with another 23 major refurbishments planned for 2022/23. We are continuing to realise the combined strength of the Partnership's two brands and now have 38 dedicated John Lewis spaces in Waitrose stores with a target to increase this by a further 49 by the end of 2022/23.

In 2021, we launched more than 700 new food lines. This included Levantine Table, the first pan-Partnership range with John Lewis and the biggest range launch for Waitrose in 2021. Waitrose picked up a string of awards for the quality and provenance of its food and wine. We were named winner of the Grocer 33 Award on 17 occasions, equalling our best ever record in 2020.

Climate change continues to present one of the biggest threats to our planet. Alongside COP26, Waitrose launched its biggest-ever food waste awareness campaign, which is estimated to have reached over 10 million people, providing customers with inspiration to help reduce food waste. Waitrose continues to be a champion of animal welfare and has maintained its top tier position in the global Business Benchmark on Farm Animal Welfare for the eighth year in a row.

More information on the Partnership's Ethics and Sustainability strategy can be found on page 16 of the Partnership's Annual Report of Accounts.

Outlook

We have made a good start to our Partnership Plan but are only one year through our five year transformation. Looking ahead, we see continued uncertainty from global events affecting the economic environment, our customers, Partners and society. As inflation and energy prices rise, our customers face higher living costs. While this creates uncertainties as we look ahead, we remain focused on investing significantly in our Partnership Plan to transform and grow our business.

Key performance indicators

	2022	2021
(Decline)/growth in revenue	(0.9)%	10.3%
Growth in like-for-like sales (excludes fuel sales)	0.9%	9.8%

WAITROSE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 JANUARY 2022

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:

- External environment
- Proposition
- Insufficient profit to achieve our Purpose
- Change delivery
- Information security
- Partner differentiation
- Customer experience
- Partner wellbeing
- Regulatory non-compliance
- Ethics and sustainability

Details of key mitigations to these principal risks and uncertainties are presented on pages 33 to 39 of the Partnership's Annual Report and Accounts. Details of emerging risks are on pages 31 and 32 of the Partnership's Annual Report and Accounts.

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

This section acts as 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 ('the Partnership'), which is owned in Trust for the benefit of its members, the Partners employed in the Partnership. Whilst being Directors of Waitrose Limited, 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 Purpose of the Partnership, which was refreshed in the year, set out in the Partnership's Constitution (available online at www.johnlewispartnership.co.uk). The opening sections are: "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 consistent with the requirements of Section 172(1) in that it says that the Partnership - including the Company - should find more trusted ways of doing business; and 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 available at www.johnlewispartnership.co.uk

Decision-making at the Board

All matters which under the Company's governance arrangements are reserved for decision by the Directors, are presented at Board meetings. 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 Chairman, Partnership Council and Partnership Board, our three governing authorities, is to safeguard the Partnership's future, enhance its profitability and ensure its integrity.

WAITROSE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 JANUARY 2022

Stakeholders

Our key stakeholders first and foremost are our Partners. Partners work in service of our customers and they are at the heart of our Purpose. Information on the engagement methods in the Partnership, which are used by the Company's Directors, are in the John Lewis Partnership plc's Annual Report and Accounts. We are also focused on responding to the needs of, and building long-term relationships with, our customers. We work closely with our producers and suppliers from whom we purchase goods and services from, and the communities and environments in which we operate. We have financial stakeholders, including relationships with banks and holders of John Lewis PLC financial bonds. With a continued focus on ethics and sustainability, engagement with campaign groups and non-governmental organisations is key.

Partners

Our Partners are central in the differentiation of our business. Our Purpose is not just sharing profit, but also sharing knowledge and sharing power. 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. Properly incorporating Partner views into Board decision-making is recognised as essential to the future of the Company as a modern, sustainable, Purpose-led business. For example, 2021 was the first full year of PartnerVoice liberation, designed to bring the principles of democracy to life at the most local level in Partners' day-to-day roles.

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 Group, which are used by the Company's Directors, and on the democratic structures used to channel Partner views are on pages 47 to 49 and 79 to 82 respectively of the Partnership's Annual Report and Accounts, available at www.johnlewispartnership.co.uk

Customers

We believe in providing exceptional service from an ethical brand that our customers can trust. Our Partners support this by providing specialist expertise and personalised advice. The Partnership's customer research team monitors the voice of our customers, understanding 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. 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.

Ahead of the relaunch of myWaitrose, we spoke to customers to help inform the rewards we offer as well as testing which helped define our approach.

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. The Company has taken measures to prevent modern slavery and human trafficking in its business and supply chains. 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 John Lewis Better Jobs Programme, and the Waitrose & Partners Foundation.

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, regulates 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 John Lewis Partnership's Constitution and therefore is in keeping with the Partnership's general ethos. The Committee has responsibility for satisfying itself that the GSCOP governance framework and systems are appropriate and effective.

WAITROSE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 JANUARY 2022

Breaches or alleged breaches

During the reporting period of 31 January 2021 to 29 January 2022 there was a small decrease, compared to last year, in the number of cases where a supplier either alleged that there had been a breach of the Code by Waitrose or quoted the Code in a query they raised. Specifically, there were 13 'level 1' complaints and two 'level 2' complaints reported, and a further two complaints carried over from 2020/21, one at 'level 1' and one at 'level 2'. Several of these involved the Code Compliance Officer (CCO) and in each case we worked with the suppliers involved to understand their concerns and seek a resolution in a timely manner.

All queries bar one were resolved by the end of the reporting period, with the outstanding query also having since been closed to the supplier's satisfaction.

This year's supplier complaints primarily related to de-listing (usually relating to the amount of notice that has been given) or delays in payments (albeit Waitrose has maintained a 96% payment on time figure). Whilst the vast majority of supplier issues were resolved (as above), we have also taken additional steps to improve our compliance in these common areas of complaint, including:

- De-listing:
 - Establishing a quarterly audit of our internal GSCOP mailboxes focused on de-listing communications to identify potential cases of non-compliance with our internal processes;
 - A mandatory reading update was issued by the CCO to all Buying Team members, reminding them of their key responsibilities regarding de-listing and providing links to our guidance;
 - Development of a de-listing specific e-learning module which will launch in 2022.
- Delays in payments:
 - Our Financial Accounts Team has introduced a new query management tool which has improved the time taken in repaying suppliers should the occasion arise;
 - A review of the rules and policies regarding early payment requests has also been completed and has resulted in few queries and prompter payments.

For the reporting period of 31 January 2021 to 29 January 2022 no formal disputes were raised.

Financial stakeholders

Through our website, we share details on our performance, and the Partnership's Treasury team provides further detail as needed. Directors regularly participate in financial updates and announcements made by the Partnership, which gives stakeholders an opportunity to engage directly with them.

Community and environment

Our Founder established the Partnership to be a force for good in society. 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 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.

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 risks 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 reputation for its standard of business conduct is a key driver of customer perception of our brands. All Partners are expected to contribute to the maintenance of high standards of business conduct, and the Partnership Constitution provides a framework 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 (Partners) owners

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.

WAITROSE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 JANUARY 2022**

This report was approved by the board on 27 April 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B. Michel', with a stylized flourish at the end.

Bérangère Michel
Director

WAITROSE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 JANUARY 2022

The Directors present their report and the financial statements for the period ended 29 January 2022.

Principal activity

Waitrose Limited is incorporated and registered in England and Wales. Waitrose operates supermarkets and convenience shops, including shops which operate under licence in the Middle East, online (waitrose.com and specialist sites for wine, pet supplies, plants and flowers), cookery schools and the Leckford Estate (the Waitrose Farm). 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.

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) (appointed 1 November 2021)

Simon Blackburn (Company Secretary) (appointed 7 June 2021 - resigned 1 November 2021)

Peter Simpson (Company Secretary) (resigned 7 June 2021)

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.

Results and dividends

The loss for the period, after taxation, amounted to £2,292,000 (2021 - profit £126,335,000).

The share capital of the Company is wholly owned by John Lewis PLC. No dividend (2021: £400,000,000) was declared and paid to John Lewis PLC during the year.

Future developments

The Directors expect the activities as detailed in the Strategic report to continue for the foreseeable future without material change.

Political contributions

It is the Company's policy not to make contributions to political groups. No political contributions were made in respect of the year under review.

Financial risk management

Waitrose Limited's financial risks are managed within the framework of the Partnership arrangements. 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.

Specific 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.

WAITROSE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 29 JANUARY 2022

Engagement with employees

The Company's policy for employment, training, career development and other employee related matters are aligned to those of the Partnership and are described below.

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 aim is to ensure that the co-owners are given the information they need to be able to decide whether the Chairman, the Partnership Board and management are being effective. The Group's democratically Elected bodies, including the Partnership Council, provide regular opportunities at all levels of the business for management to report to Partners and for Partners to question management. Additionally, there is an open system of journalism, including the weekly Gazette, which provides a means of sharing information extensively with all Partners and contributes to effective accountability.

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. Eligible Partners received a Partnership Bonus of 3% in respect of 2021/22; no Partnership Bonus was awarded in respect of 2020/21.

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 has a Diversity and Inclusion Plan, and the Inclusion Report (at www.johnlewispartnership.co.uk) sets out the steps to create inclusion. 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.

Employee Health and Wellbeing

The John Lewis Partnership, of which Waitrose Limited is a part, continues to offer comprehensive health and wellbeing services, such as Partner Support, Partnership Health Services and Personnel Policy and Advice are in place to provide Partners with mental and physical health, emotional, financial and bereavement support.

This year, the Partnership has focused on building awareness in key areas including mental and physical health, menopause and breast cancer which have been delivered through our network of Health & Wellbeing Champions, dedicated campaigns and content. Delivering support digitally has been more important than ever due to the pandemic.

The Company adopts the Partnership's arrangements in respect of health and safety. The Partnership is committed to going about its business in a way that avoids, so far as is reasonably practicable, causing harm to people or property, and to promoting, through its extensive occupational health service, the wellbeing of its workforce. The Partnership cannot expect to eliminate health and safety risk totally from the workplace but our current priority is to ensure that management at all levels know and understand the risks within their areas of responsibility.

WAITROSE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 29 JANUARY 2022

Going concern

The Directors, after reviewing the Company operating budgets, investment plans and financing arrangements, consider that the Company have 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.

Qualifying third party indemnity provisions

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

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), the Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the Section 172(1) statement in the Strategic report.

Statement of corporate governance arrangements

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

Waitrose Limited'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 45 to 80 of the Partnership's Annual Report and Accounts. As such, as explained in the Partnership's Annual Report and Accounts, 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. The Governance pages of the Partnership's Annual Report and Accounts set out how the Partnership's governing authorities are structured and monitor alignment of policy and behaviour with the Company's Purpose.

The management functions are responsible for preparing the financial statements for Waitrose Limited and its Internal Audit and Risk management functions are provided by the Partnership. The John Lewis Partnership plc Audit and Risk Committee (the Committee), which has at least one independent member and at least one member has 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 53 to 63 of the Partnership's Annual Report and Accounts.

KPMG LLP was the Company's external auditor for 2021/22. 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 which are relevant to the Company, supported by tools, dedicated Partners and a risk governance structure with defined accountability.

WAITROSE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 JANUARY 2022**

Statement of corporate governance arrangements (continued)

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. Reporting during the year was through presentations from senior management and financial control as well as the work of Internal Audit, which provides objective assurance on the effectiveness of controls through the delivery of a risk-based work plan. The Director of Internal Audit and Risk reports functionally to the Chair of the Committee and operationally to the Executive Director, Finance.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Subsequent events

On 23 March 2022, the Company confirmed that it had reached an agreement with Welcome Break to transfer 264 Partner roles to Welcome Break under Transfer of Undertakings Protection of Employment (TUPE).

Auditors

The auditors, KPMG, 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 2022 and signed on its behalf.



Jane Cheong Tung Sing
Secretary

WAITROSE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 JANUARY 2022

	Note	2022 £000	2021 £000
Revenue	4	6,815,202	6,875,045
Cost of sales		(4,794,745)	(4,833,513)
Gross profit		2,020,457	2,041,532
Other operating income		37,946	52,455
Administrative expenses		(1,913,506)	(1,816,508)
Exceptional items	7	(30,116)	(65,072)
Partnership Bonus		(28,307)	-
Operating profit	5	86,474	212,407
Income from fixed assets investments		-	19,800
Interest payable and similar expenses	11	(71,702)	(73,695)
Profit before tax		14,772	158,512
Tax on profit	12	(17,064)	(32,177)
(Loss)/profit for the financial period		(2,292)	126,335

The notes on pages 15 to 41 form part of these financial statements.

There was no other comprehensive income for 2022 (2021:£nil)

Profit before Partnership Bonus, tax and exceptional items was £73,195,000 (2021: £223,584,000).
2021

The accounting period ended 29 January 2022 consists of 52 weeks (2021: 53 weeks).

WAITROSE LIMITED
REGISTERED NUMBER: 00099405

BALANCE SHEET
AS AT 29 JANUARY 2022

	Note	29 January 2022 £000	30 January 2021 £000
Non-current assets			
Intangible assets	14	157,228	168,121
Property, plant and equipment	15	1,672,075	1,709,430
Right-of-use-assets	15	1,260,204	1,317,612
Investments	16	160,650	160,650
		<u>3,250,157</u>	<u>3,355,813</u>
Current assets			
Assets held for sale		-	10,641
Inventories	17	237,682	229,647
Trade and other receivables	18	83,143	41,267
Cash and cash equivalents		60,471	61,590
		<u>381,296</u>	<u>343,145</u>
Trade and other payables: amounts falling due within one year	19	(1,518,355)	(1,587,230)
Net current liabilities		<u>(1,137,059)</u>	<u>(1,244,085)</u>
Total assets less current liabilities		<u>2,113,098</u>	<u>2,111,728</u>
Trade and other payables: amounts falling due after more than one year	20	(1,360,650)	(1,394,506)
		<u>752,448</u>	<u>717,222</u>
Provisions for liabilities			
Deferred taxation	13	(46,870)	(29,311)
Other provisions	23	(28,331)	(8,372)
		<u>(75,201)</u>	<u>(37,683)</u>
Net assets		<u>677,247</u>	<u>679,539</u>
Capital and reserves			
Called up share capital	24	1,000	1,000
Retained earnings		676,247	678,539
		<u>677,247</u>	<u>679,539</u>

WAITROSE LIMITED
REGISTERED NUMBER: 00099405

BALANCE SHEET (CONTINUED)
AS AT 29 JANUARY 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2022.

A handwritten signature in black ink, appearing to read 'B. Michel', with a stylized flourish at the end.

Bérangère Michel
Director

The notes on pages 15 to 41 form part of these financial statements.

WAITROSE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 JANUARY 2022**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 25 January 2020	1,000	952,204	953,204
Comprehensive income for the period			
Profit for the period	-	126,335	126,335
Dividends: Equity capital	-	(400,000)	(400,000)
At 30 January 2021	1,000	678,539	679,539
Comprehensive income for the period			
Loss for the period	-	(2,292)	(2,292)
At 29 January 2022	1,000	676,247	677,247

The notes on pages 15 to 41 form part of these financial statements.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

1. General information

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

Waitrose operates supermarkets and convenience shops, including shops which operate under licence in the Middle East, online (waitrose.com and specialist sites for wine, plants and flowers) and the Leckford Estate (the Waitrose Farm). Waitrose Limited is a wholly owned subsidiary of John Lewis PLC, within the John Lewis Partnership.

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).

2.2 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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

2. Accounting policies (continued)

2.3 Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 29 January 2022, 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 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 January 2024 in order to ensure that the entire trading year is considered as this aligns with our bond and loan covenants. 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 Partnership severe downside indicates that after available mitigations there would be no breaches of covenants.

As at 29 January 2022, the Company itself had total assets less current liabilities of £2,113,098,000 and net assets of £677,247,000. Consequently, the Directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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 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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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 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 charged to the Waitrose Limited statement of comprehensive income represents a proportion of total pay of Partners working in Waitrose.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

2. Accounting policies (continued)

2.8 Partnership Bonus

The Partnership Bonus is announced and paid to Partners each March; it is determined in relation to the performance of the previous financial year.

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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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.

2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

3. Judgments 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 10% (2021: 7%) has been used, calculated by reference to the Company's Weighted Average Cost of Capital (WACC).

Intangible assets are assessed annually for impairment. Given the nature of these assets and the current pace of change within retail, there is a risk that assets may become obsolete or be superseded prior to the end of their UEL. Although the risk of a material impairment is reduced by capping intangible UELs at a maximum of 10 years and not applying residual values, these assets are assessed annually for indications of impairment, which requires a degree of subjectivity on the part of management.

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.

WAITROSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Depreciation of property, plant and equipment	(117,782)	(117,546)
Depreciation of right-of-use assets	(114,339)	(127,346)
Amortisation of intangible assets	(45,903)	(39,554)
Net profit on lease exit	-	3,900
(Loss)/profit on disposal of property, plant and equipment and intangible assets	(4,013)	11,686
Defined contribution pension cost	(77,205)	(81,000)
Cost of stocks recognised as an expense	(4,794,745)	(4,833,513)
	<u><u> </u></u>	<u><u> </u></u>

Included within depreciation of property plant and equipment is a net impairment reversal of £2,400,000 (2021: £11,100,000) and in depreciation of right-of-use assets is a net impairment charge of £4,200,000 (2021: charge of £18,000,000).

6. Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	507	400
	<u><u> </u></u>	<u><u> </u></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Exceptional items

	2022	2021
	£000	£000
Head office reviews	(6,938)	58,080
Physical estate	6,741	16,569
Shop operations	30,313	-
	<u>30,116</u>	<u>74,649</u>
Reversal of previous shop impairments		
Reversal of previous shop impairments	-	(9,577)
	<u>30,116</u>	<u>65,072</u>

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

7. Exceptional items (continued)

Exceptional items in the year to 29 January 2022 are as follows:

Strategic restructuring and redundancy programmes

The Partnership Plan, incorporating Waitrose, envisages a significant level of transformation to ensure the Partnership is thriving for both Partners and customers.

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 Partnership considers them exceptional items to provide a more meaningful view of the Partnership's underlying business performance. The financial impact of these programmes for 2022 is detailed below:

Head office reviews:

The transformation of head office operations has continued this year. This is part of the wider review of a number of pan Partnership functions, incorporating Waitrose, which began at the end of 2017. Given the scale of the change, the delivery of these reviews was expected to take four years, and are now well progressed with the Head Office Transformation (HOT) programme nearing completion. This programme was announced as part of the Partnership Plan in November 2020 and builds on previous reviews to make the head office leaner and more efficient. Last financial year, for Waitrose, £58,080,000 of exceptional costs were recognised for head office reviews, £43,600,000 of which were based on management's best estimates of expected costs for redundancy and voluntary severance related to the HOT programme. The redundancy consultation period was completed in the first half of this year and the programme is now nearing completion. Redundancy and other related project costs have been lower than early estimates, resulting in a release of provisions and a net credit of £7,757,000 this year. The credit related to the release of these provisions has been classified as exceptional as the original charge was treated as such last financial year. This net credit of £6,938,000 for Head Office reviews also includes a charge of £819,000 driven by expenses incurred this year for consultancy fees and redundancies for the Tech & Change restructure, offset by releases of the provisions held for prior year redundancy programmes.

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 2025/26.

This year we have recognised a net exceptional charge of £6,741,000 (2021: £16,569,000). The net charge includes the impairment of assets (reflecting the shortening of the useful economic life), accelerated depreciation of buildings, fixtures and fittings and management's best estimate of closure costs including onerous leases, dilapidations and, where closure has been approved and announced, redundancy costs. Where income in relation to previously estimated costs has been realised in the year, these have been shown net, reflecting that the original expenses were shown as exceptional. The primary driver for this year's charge was the reduction in the lease term for our Victoria head office. 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

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

7. Exceptional items (continued)

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.

The next stage of this review was announced in July 2021, with the proposal to simplify and reduce layers of management in Waitrose and John Lewis shops. Approximately 3,000 Partners entered into a period of consultation in July with a proposed overall reduction of around 1,000 management roles of which approximately 700 were from Waitrose. As such, £29,690,000 of expected redundancy-related costs, as well as £623,000 of project costs, have been recognised as of January 2022, based on management's best estimate of future expenses.

Shop impairments:

In 2022 there was no charge to exceptional items (2021: a credit of £9,577,000).

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 £77,205,000 (2021: £81,010,000). 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 surplus as at 29 January 2022 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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

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, including the Directors, during the period was as follows:

	2022 No.	2021 No.
Selling and distribution	54,100	51,400
Administration	1,700	2,100
	<u>55,800</u>	<u>53,500</u>

Employment and related costs were as follows:

	2022 £000	2021 £000
Wages and salaries	945,328	858,300
Social security costs	62,112	58,600
Partnership Bonus	25,259	-
Employers' National Insurance on Partnership Bonus	3,048	-
Other pension costs	77,205	81,010
Long leave cost	5,249	5,054
Total before Partner discounts	<u>1,118,201</u>	<u>1,002,964</u>
Partner discounts (deducted from revenue)	<u>52,817</u>	<u>55,473</u>
	<u>1,171,018</u>	<u>1,058,437</u>

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.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022

11. Interest payable and similar expenses

	2022 £000	2021 £000
Other loan interest payable	71,702	73,695

12. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	1,853	33,994
Adjustments in respect of previous periods	(2,348)	21,308
Total current tax	(495)	55,302
Deferred tax		
Origination and reversal of timing differences	4,513	(6,395)
Changes to tax rates	9,741	3,467
Deferred tax - prior year	3,305	(20,197)
Total deferred tax	17,559	(23,125)
Taxation on profit on ordinary activities	17,064	32,177

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	14,772	158,512
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,807	30,117
Effects of:		
Changes in tax rate	9,741	3,467
Adjustments to tax charge in respect of prior periods	957	1,111
Dividends from UK companies	-	(3,762)
Depreciation of assets not qualifying for tax relief	6,231	6,193
Difference between accounting and tax base for land and buildings	(928)	(5,043)
Other/expenses not deductible	(1,744)	94
Total tax charge for the period	17,064	32,177

Waitrose Limited's effective tax rate for the current year is 115.5% (2021: 20.3%).

Factors that may affect future tax charges

The Government announced in March 2021 that the rate of Corporation Tax will increase from April 2023 to 25% for companies with profits over £250,000. This has increased the tax rate applied on deferred tax balances since last year and will increase the tax rate applied on taxable profits and losses from the 2023/24 financial year.

13. Deferred taxation

	2022 £000	2021 £000
At beginning of year	(29,311)	(52,436)
Charged to profit or loss	(17,559)	23,125
At end of year	(46,870)	(29,311)

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	29 January 2022 £000	30 January 2021 £000
Accelerated capital allowances	(40,993)	(26,289)
Capital gains tax on land and buildings	2,248	6,380
Revaluation of land and buildings	(706)	(1,209)
Pensions and provisions	(22,219)	(17,675)
Rollover gains	(4,002)	(3,668)
Other	18,802	13,150
	<u>(46,870)</u>	<u>(29,311)</u>

14. Intangible assets

	Purchased £000	Internally generated £000	Work in progress £000	Total £000
Cost				
At 31 January 2021	85,576	247,530	74,495	407,601
Additions - internal	-	-	35,376	35,376
Intra-group transfers	17,295	72,877	(90,172)	-
Disposals	(20,896)	(33,519)	-	(54,415)
At 29 January 2022	<u>81,975</u>	<u>286,888</u>	<u>19,699</u>	<u>388,562</u>
Amortisation				
At 31 January 2021	75,356	164,124	-	239,480
Charge for the period on owned assets	9,022	36,881	-	45,903
On disposals	(21,029)	(33,020)	-	(54,049)
At 29 January 2022	<u>63,349</u>	<u>167,985</u>	<u>-</u>	<u>231,334</u>
Net book value				
At 29 January 2022	<u>18,626</u>	<u>118,903</u>	<u>19,699</u>	<u>157,228</u>
At 30 January 2021	<u>10,220</u>	<u>83,406</u>	<u>74,495</u>	<u>168,121</u>

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022

14. Intangible assets (continued)

Intangible assets have useful economic lives of up to ten years. Amortisation of intangible assets is charged within operating expenses.

There are two individually significant assets (2021: one) within the total carrying amount of intangible assets as at 29 January 2022: one is a distribution project (£61.5m, 2021: one project, £64.6m) and the other is a customer project (£35.6m, 2021: £nil). 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 31 January 2021	2,330,210	877,071	56,303	3,263,584
Additions	3,637	4,931	74,957	83,525
Disposals	(6,399)	(53,392)	-	(59,791)
Transfers between classes	37,508	55,939	(93,447)	-
At 29 January 2022	2,364,956	884,549	37,813	3,287,318
Depreciation				
At 31 January 2021	850,380	703,774	-	1,554,154
Charge for the period on owned assets	64,602	53,180	-	117,782
Disposals	(5,675)	(51,018)	-	(56,693)
At 29 January 2022	909,307	705,936	-	1,615,243
Net book value				
At 29 January 2022	1,455,649	178,613	37,813	1,672,075
At 30 January 2021	1,479,830	173,297	56,303	1,709,430

For the year ended 29 January 2022, the depreciation charge for the period includes a net impairment reversal of £4,700,000 in land and buildings (2021: £12,700,000) and a net impairment charge of £2,300,000 in fixtures and fittings (2021: £1,600,000).

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022

Right-of-use assets

	Buildings £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 31 January 2021	1,542,190	4,619	1,546,809
Additions	58,292	-	58,292
Disposals	(4,331)	-	(4,331)
At 29 January 2022	<u>1,596,151</u>	<u>4,619</u>	<u>1,600,770</u>
Depreciation			
At 31 January 2021	227,425	1,772	229,197
Charge for the year	113,498	841	114,339
Disposals	(2,970)	-	(2,970)
At 29 January 2022	<u>337,953</u>	<u>2,613</u>	<u>340,566</u>
Net book value			
At 29 January 2022	<u>1,258,198</u>	<u>2,006</u>	<u>1,260,204</u>
At 30 January 2021	<u>1,314,765</u>	<u>2,847</u>	<u>1,317,612</u>

For the year ended 29 January 2022, the depreciation charge for the period includes a net impairment charge of £4,200,000 in buildings (2021: charge of £18,000,000)

Having applied the methodology and assumptions described under note 2, Waitrose recognised a net increase in the impairment provision of £1,900,000. It includes the release of previous impairment charges of £9,500,000 due to improved store performance which has been judged to be sustainable. These reversals have been partly offset by new impairment charges of £11,400,000 relating to performance deterioration on a small number of stores.

The impairment estimation is most sensitive to changes in the sales and margin forecasts. Based on realistic and reasonable variations to the forecast currently used by the business, reducing the sales growth by 0.7% and the margin assumption by 114 bps would together increase the impairment by £15,300,000. Management's review of historical forecasts shows an average variance for the sales growth of 0.6%. Reducing the sales growth by this percentage would increase the impairment by £900,000.

The pre tax discount rate of 10% (2021: 7%) 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 100 bps would increase the impairment charge by £2,500,000.

WAITROSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 31 January 2021	160,650
At 29 January 2022	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 is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB and Waitrose (Jersey) Limited is 44 Esplanade, St Helier, Jersey, JE4 9WG.

17. Inventories

	29 January 2022 £000	30 January 2021 £000
Raw materials and consumables	598	534
Work in progress (goods to be sold)	74	138
Finished goods and goods for resale	237,010	228,975
	237,682	229,647

Provisions against inventories of £2,737,000 (2021: charge of £463,000) were charged under cost of sales.

WAITROSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

18. Trade and other receivables

	29 January 2022 £000	<i>30 January 2021 £000</i>
Trade receivables	32,310	13,101
Other receivables	8,546	7,003
Current tax receivable	505	-
Prepayments	28,530	6,085
Accrued income	13,252	15,078
	<u>83,143</u>	<u><i>41,267</i></u>

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 £3,346,000 (2021: £3,479,000) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £9,906,000 (2021: £11,599,000) 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 shop operating expenses in the income statement. As at 29 January 2022, trade and other receivables of £744,000 (2021: £1,142,000) were partially or fully impaired.

As at 29 January 2022, trade and other receivables of £5,396,000 (2021: £9,431,000) were past due but not impaired. The ageing analysis of the past due amounts are as follows:

	2022 £000	<i>2021 £000</i>
Up to 3 months past due	4,784	8,588
3 to 12 months past due	358	646
Over 12 months past due	254	197
At end of year	<u>5,396</u>	<u><i>9,431</i></u>

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022

19. Trade and other payables

	29 January 2022 £000	30 January 2021 £000
Trade payables	564,128	515,130
Amounts owed to group undertakings	739,347	867,911
Corporation tax	-	4,698
Other taxation and social security	30,528	32,815
Lease liabilities	100,423	91,117
Other payables	16,553	16,549
Accruals	62,138	53,659
Deferred income	5,238	5,351
	<u>1,518,355</u>	<u>1,587,230</u>

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

	29 January 2022 £000	30 January 2021 £000
Lease liabilities	1,352,758	1,386,477
Other creditors	80	80
Deferred income	7,812	7,949
	<u>1,360,650</u>	<u>1,394,506</u>

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

	29 January 2022 £000	30 January 2021 £000
Lease liabilities		
Repayable by instalments	979,047	1,030,622
Total amounts due after more than five years	<u>979,047</u>	<u>1,030,622</u>

WAITROSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

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:

	2022	2021
	£000	£000
Not later than one year	100,423	91,117
Between one year and five years	373,711	355,855
Later than five years	979,047	1,030,622
	<u>1,453,181</u>	<u>1,477,594</u>

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

	2022	2021
	£000	£000
Interest expense on lease liabilities	(71,702)	(73,695)
Depreciation charge for right-of-use assets	(114,339)	(127,346)
Expenses relating to short-term leases	(219)	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(559)	(560)
Variable lease payments not included in the measurement of lease liabilities	(2,628)	(2,668)
Income from sub-leasing right-of-use assets	3,683	4,201

Included within depreciation of right-of-use assets is a net impairment charge of £4,200,000 (2021: charge of £18,000,000).

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

	2022	2021
	£000	£000
Carrying amount of right-of-use assets	1,260,204	1,317,612
Additions to right-of-use assets	58,292	80,513

The total cash outflow for leases was £153,045,000 (2021: £150,488,000).

WAITROSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2022**

22. Financial instruments

	29 January 2022 £000	30 January 2021 £000
Financial assets		
Financial assets measured at fair value through profit or loss	60,471	61,590
Financial assets that are debt instruments measured at amortised cost	54,108	35,182
	<u>114,579</u>	<u>96,772</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,835,427)</u>	<u>(2,930,923)</u>

23. Provisions

	Reorganisation £000	Other £000	Total £000
At 31 January 2021	4,354	4,018	8,372
Charged to profit or loss	32,138	1,157	33,295
Utilised in period	(8,343)	(310)	(8,653)
Released in period	(3,732)	(951)	(4,683)
At 29 January 2022	<u>24,417</u>	<u>3,914</u>	<u>28,331</u>

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

Other provisions include property related costs and pay provisions.

24. Share capital

	29 January 2022 £000	30 January 2021 £000
Allotted, called up and fully paid		
1,000,000 (2021 - 1,000,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

25. Capital commitments

At 29 January 2022, contracts had been entered into for future capital expenditure of £10,502,000 (2021: £15,852,000) of which £9,483,000 (2021: £11,982,000) relates to property, plant and equipment and £1,019,000 (2021: £3,870,000) relates to intangible assets.

WAITROSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2022

26. Subsequent events

On 23 March 2022, the Company confirmed that it had reached an agreement with Welcome Break to transfer 264 Partner roles to Welcome Break under Transfer of Undertakings Protection of Employment (TUPE).

27. 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.

WAITROSE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 29 JANUARY 2022

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

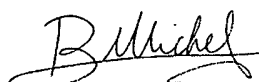
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 judgments 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



Bérangère Michel
Director
Waitrose Limited
27 April 2022
171 Victoria Street, London, SW1E 5NN

WAITROSE LIMITED

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 29 January 2022 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 29 January 2022 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.

WAITROSE LIMITED



- 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 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 irregularly by users and unusual opposing entries.
- Assessing significant accounting estimates for 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 company 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, fraud bribery and corruption, and environmental 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.

We discussed with the Audit and Risk Committee matters related to actual or suspected breaches of laws and regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of laws and 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 reflecting 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 these 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 42, 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.

WAITROSE LIMITED



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.

A handwritten signature in black ink, appearing to read 'Nicholas Frost', written over a horizontal line.

Nicholas Frost
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 April 2022