

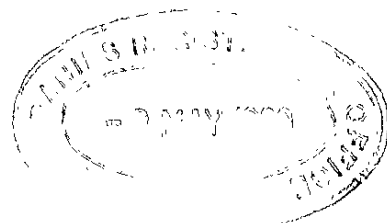
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**John Lewis
and Company Limited**

Report and accounts 1980



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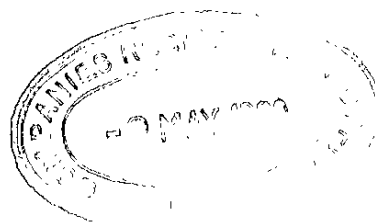
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John Lewis and Company Limited

Report and Accounts 1980

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John Lewis and Company Limited

Notice of annual general meeting

Notice is hereby given that the fifty-second annual general meeting of the company will be held at 12.15 pm on Wednesday the 11th day of June 1980 in the Auditorium on the fourth floor at 4 Old Cavendish Street London for the following purposes:

- 1 To receive the directors' report and accounts for the year 1979/80.
- 2 To consider the re-election of retiring directors.
- 3 To consider the re-appointment of the auditors
- 4 To consider the remuneration of the auditors.

By order of the board
B E Dickinson *Secretary*

4 Old Cavendish Street
London W1A 1EX
7th May 1980

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company, but a proxy who is not a member has only the rights conferred by section 136(1) and section 137(2) of the Companies Act, 1948. To be effective, a proxy form must reach the company's registered office not later than forty eight hours before the time for holding the meeting. For the convenience of members, a form of proxy is enclosed.

John Lewis and Company Limited

Board of directors

Chairman	P T Lewis MA
Deputy chairman	T G Andrews MBE
	I A J Anderson J B Foster D Gorsky MA H Legg J P Matthews FCA G P K Miller MA S J G Neal BA E J Pearce D J Rawlings BSc P P Thomas MA
Secretary	Betty E Dickinson FCIS
Chief accountant	T M Phillips BSc(Econ), FCA
Auditors	Price Waterhouse & Co Southwark Towers 32 London Bridge Street London SE1 9SY
Bankers	National Westminster Bank Limited
Registered office	4 Old Cavendish Street London W1A 1EX
Transfer office	Cavendish Road Stevenage SG1 2EH

John Lewis and Company Limited

Summary of results for the year ended 26th January 1980

		1980 £000	1979 £000
Sales and profits	Sales	646,225	532,741
	Trading profit	46,011	42,526
	Interest	4,882	2,603
	Contributions to pension funds	5,612	4,435
	Taxation	(1,122)	3,287
	Dividends	690	440
	Balance available for sharing and retention in the business	35,949	31,761
	Partnership bonus	14,669	13,815
	Retained in the business to offset inflation	7,400	4,800
	Retained in the business for development	13,880	13,146
Assets employed	Total assets at the year end	194,127	170,056
Numbers employed	Partners (weighted for part-timers)	1980 22,300	1979 21,500

John Lewis and Company Limited

Statement by the chairman Mr P T Lewis

With some political interest being shown in the more constructive involvement of individuals in matters affecting their working lives, as well as in schemes for sharing business success more widely as a way of encouraging concern for the future, it may be worth re-emphasising that it is the whole of the equity in John Lewis Partnership Limited which is held in trust for those who work in it. No individual member of the Partnership owns, or can own, an ordinary share, and none is held by any trustee on his individual behalf. The ownership is collective. This is, of course, a more radical conception than tinkering with the ownership of companies by holding from time to time some 5% of a company's equity on behalf of some part of the workforce. The Partnership has been conducting its own particular experiment for over fifty years.

All the final profit, not some fraction of it, is distributed among the beneficiaries, that is to say among all those eligible who are employed in the business at the end of the trading year. Last year that numbered about 25,000 Partners. Profit shared in this way carried no strings attached to it and currently, at any rate, no-one is obliged to reinvest the money in the Partnership even for a short time. It follows, of course, that no individual is obliged to store his savings in his employing company – a course of action that that great seducer, the tax incentive, hardly renders virtuous.

It is essential in such a scheme to be sure to retain sufficient profit to maintain health and security and to develop in a profitable and desirable way. It also helps to provide a forum where the adequacy of retentions can be realistically discussed so that what is done can be widely understood and generally accepted in the interests of future service and employment.

Nowadays one of the first considerations has to be inflation and the Partnership regularly earmarks and retains out of its profit conventionally calculated a sufficient sum to offset the effect of inflation on working capital and depreciation. Our measurement is the best we can contrive and we shall hope that any accounting standard we may be persuaded to follow in future will be no less satisfactory and clear than our present arrangements. The steep rise in the rate of inflation through the year meant that the amount set aside for this purpose was £7.4m compared with £4.8m in 1978 – an awesome sum to register no more than the price of standing still.

The Board, of whose twelve members five are annually elected by the Partnership's Central Council, decided that a further £14.2m (£13.2m in 1978) should be set aside for future development. This

means that altogether in 1979 through depreciation, inflation adjustment and other retentions, the Partnership has added £28m to its financial strength.

The balance of profit available thereafter was sufficient for £14.6m in Partnership Bonus (£13.8m in 1978), a distribution to Partners at the rate of 20% of their earnings in 1979.

The final profit available for division in this way between Partnership Bonus and all retentions rose from £32m in 1978 to £36m in 1979. It is a modest increase against current rates of inflation, but we regard it as satisfactory in view of the exceptionally favourable conditions in the previous year and the plainly much less favourable conditions in 1979. Over two years this final profit has risen by 70%.

The Partnership spent £29m on new expenditure on land, buildings and fixtures. The completion of the department store at Milton Keynes accounted for £5m of this and partial work on the new department store at Peterborough £1½m. The latter should open in 1982. Some £2½m was spent on service buildings for the department stores and £8m on Waitrose supermarkets. Not much remains untouched by the computer, and we have implemented or under experiment most of the advanced retail techniques. There are plans for further supermarkets in the future, but no new branches are due to open in 1980. We do not share the belief that there is some sort of race that will be won for all time by frantic expansion in the 1980s.

The finance for this expenditure and for £13m additional working capital was almost entirely provided out of the Partnership's cash balances or from the year's revenue by way of depreciation or profit retentions. The Partnership's net increase in borrowing at the year's end was only £3m.

Sales increased by £113m to £646m, an increase of 21% over 1978. We reckon that the corresponding increase in national retail sales was about 15%, so that the Partnership's performance, even allowing for some additional selling space, was well ahead of the national average. The department stores contributed nearly £60m of the increase and Waitrose supermarkets over £50m. Manufacturing and other production units increased their sales by 24% to £11m.

Four new Waitrose supermarkets were opened during the year, two in July and the remainder in the autumn, and one branch was closed in January 1980, bringing the total to seventy branches at the end of the year. The group is predominantly in the south east of England. Waitrose sales increased by 25% and we

of John Lewis Partnership Limited

John Lewis and Company Limited

Statement by the chairman Mr P I Lewis continued

reckon the equivalent increase in volume to have been about 11%.

Department stores' sales increased by 19% representing an approximate increase in volume of about 7%. An important occasion in September was the opening of the Partnership's new department store in the Milton Keynes central shopping area. Milton Keynes must be one of the largest new urban developments ever undertaken in this country. Apart from the commercial interest it has been a stimulating experience for the Partnership to be engaged in the early days. Sales are not expected to grow as fast as in other of our new department stores built in long-established trading areas, but the build-up for Christmas after but a few weeks was remarkable and the shop itself by general consent is a most attractive example of a modern department store. The interior decor is wholly designed by Robin and Lucienne Day, who have been the Partnership's outside professional design consultants since 1963.

The number of those employed increased by 4%, whereas we calculate the real volume of business transacted increased by about 9%. We can usefully regard that as an increase in labour productivity of 5%. It is no doubt as crude a measure as it is simple, but its very simplicity drives home the message of greater efficiency and the benefits thereof.

Trading profit increased by 8%, to £46m. The gross margin in Waitrose improved slightly, but there were heavy increases in costs. On the department store side gross margins were lower largely due to the upheaval in pricing which followed the near doubling of VAT in the June budget. There was likewise a steep rise in costs and some exceptional expenses connected with the opening of Milton Keynes. For retailing, however, much the most important single

element in costs is pay and the increase in the Partnership's pay costs can only be described as very substantial.

Increased borrowing and the move to much higher interest rates nearly doubled the net interest payable from £2.6m to £4.9m. In line with the increase in the pay sheet the annual contribution to the Partnership's non-contributory pension fund rose by £1.2m to £5.6m, an indication of the scale of future benefit to Partners as well as of its current expense.

There was a tax credit of £1.1m in 1979 compared with a charge of £3.3m in 1978, principally because of the increased level of capital expenditure in 1979, on which allowances will be claimed. In recent years the Partnership has not been burdened with heavy corporation tax.

I think it is fair to say that the Partnership achieved reasonable results against a rather difficult background and in the course of a year where trading conditions were unsettled and deteriorating.

In celebration of its first fifty years of formal existence the Partnership introduced a scheme of long leave in mid career, up to a maximum of six months, for eligible Partners with more than twenty-five years' membership. We also opened a small hotel for our own members in the Lake District to add to the three existing centres we run on Brownsea Island, in Hampshire and at Cookham Berkshire.

Our first cautious estimate for 1980 is that again it will be a difficult year for the retail trade, as for many other industries, and that our level of final profit may not improve. Against that expectation, the results of the first ten weeks' trade of the new year, department stores sales up 14% and Waitrose up 29%, are pleasing and promising.

John Lewis and Company Limited

Directors' report for the year ended 26th January 1980

Directors

The directors of the company are as listed on page 3. Mr B Henry resigned from the board in February 1979 and Mr F Valner in August 1979. Mr G P K Miller was appointed a director in February 1979 and Mr D J Rawlings in August 1979. At the annual general meeting all the directors, except the Chairman, will retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Preference Stock

On 4th January 1980 John Lewis Partnership Limited made offers to purchase the whole of the 5% First Cumulative Preference Stock and 7% Cumulative Preference Stock not already owned by that company. The directors of both companies consider that there is no longer any advantage in John Lewis and Company Limited having Cumulative Preference Stocks held by members of the public. The existence of such outside stockholdings causes additional expense and some administrative inconvenience. Further, the acquisition of the Cumulative Preference Stocks is likely, in the long term, to reduce the cost to the John Lewis Partnership of financing its capital requirements. The offers were made unconditional on 25th January 1980 and closed on 15th February 1980 when acceptances had been received in respect of 51% of the 5% Stock and 50% of the 7% Stock for which offers had been made.

Principal activity

The company controls the businesses listed on page 20, comprising 18 department stores, 70 Waitrose supermarkets and ancillary manufacturing activities.

Appropriation of profits

The consolidated profit and loss account shows that the profit for the year attributable to John Lewis and Company Limited amounted to £21,970,000. Preference dividends absorbed £90,000 and an interim dividend of £600,000 has been paid on the Ordinary Shares leaving £21,280,000 to be added to reserves.

Inflation accounting

The directors consider it appropriate to reflect the effect of inflation in the accounts by setting aside a separate sum each year as a retention.

As explained in Notes 1 and 11 to the accounts, the retention is based on the effects of inflation on working capital requirements and the replacement cost of fixtures and fittings.

Value of properties

The directors consider that the aggregate value of properties exceeds the book values which are based on professional valuations made in 1965 and 1974 or on subsequent cost.

Directors' interests

The following interests in John Lewis Partnership Limited 7½% Cumulative Preference Stock at 27th January 1979 or subsequent appointment as director, and 26th January 1980 have been registered:

	1980	1979
	£	£
G P K Miller	1,200	1,200
E J Pearce	242	242

All the directors, as employees of John Lewis and Company Limited, are interested in the 612,000 Deferred Ordinary Shares in John Lewis Partnership Limited which are held in trust for the benefit of employees of John Lewis and Company Limited and of certain other companies.

There were no contracts subsisting during or at the end of the financial year in which the directors were materially interested and which were significant in relation to the company's business.

Exports

Direct exports included in turnover amounted to £7,906,000.

Employees

The average weekly number of persons employed was 27,500 and their aggregate remuneration excluding Partnership Bonus was £80,076,000.

Charitable donations

The group donated £212,000 for charitable purposes during the year but made no political donations.

For and by order of the board
B E Dickinson *Secretary*
14th April 1980

John Lewis and Company Limited

Consolidated profit and loss account for the year ended 26th January 1980

Notes		1980	1979
		£000	£000
	Sales	646,225	532,741
	Value added tax	49,102	27,301
		<hr/> 597,123	<hr/> 505,440
2	Trading profit	46,011	42,526
5	Interest	4,882	2,603
		<hr/> 41,129	<hr/> 39,923
	Trading profit after interest		
	Partnership bonus	14,669	13,815
6	Contributions to pension funds	5,612	4,435
		<hr/> 20,848	<hr/> 21,673
	Profit before taxation		
7	Taxation	(1,122)	3,287
		<hr/> 21,970	<hr/> 18,386
8	Attributable to John Lewis and Company Limited		
9	Dividends to stockholders in John Lewis and Company Limited	690	440
11	Profit retained to offset inflation	7,400	4,800
		<hr/> 13,880	<hr/> 13,146
	Profit retained for development		

John Lewis and Company Limited

Consolidated balance sheet as at 26th January 1980

Notes		1980 £000	1979 £000
10	Assets employed		
	Fixed assets	147,623	126,697
12	Investment in affiliated company	31	31
	Current assets		
	Stocks	68,803	58,569
	Debtors	51,495	40,348
13	Cash and short-term deposits	4,486	14,193
		124,784	113,110
	Less current liabilities		
	Creditors	63,339	52,189
	Taxation (repayable) payable	(309)	3,351
	Dividends	644	394
	Partnership bonus	14,637	13,848
		78,311	69,782
	Net current assets	46,473	43,328
		194,127	170,056
14	Financed by		
	Share capital	9,000	9,000
15	Accumulated profits and other retentions	146,267	124,987
		155,267	133,987
	Loan from the holding company	558	578
16	Other loans	28,000	25,098
18	Debentures	10,302	10,483
		194,127	170,056

P T Lewis
T G Andrews

P T Lewis
T G Andrews

John Lewis and Company Limited

Balance sheet as at 26th January 1980

Notes		1980 £000	1979 £000
10 Assets employed	Fixed assets	27,228	17,972
12	Investment in affiliated company	31	31
17	Interests in subsidiaries	67,082	54,126
	Current assets		
	Stocks	34,383	28,837
	Debtors	32,439	25,208
	Cash	276	8,378
		67,098	62,423
	Less current liabilities		
	Creditors	48,522	40,613
	Bank overdraft	1,968	—
	Taxation (repayable) payable	(128)	344
	Dividends	644	394
	Partnership bonus	14,276	13,479
		65,282	55,330
	Net current assets	1,816	7,093
		96,157	79,522
14 Financed by	Share capital	9,000	9,000
15	Accumulated profits and other retentions	58,599	50,633
		67,599	59,633
	Loan from the holding company	558	518
16	Other loans	28,000	19,008
		96,157	79,322

P T Lewis
T G Andrews

P. Lewis
T. G. Andrews

John Lewis and Company Limited

Notes on the accounts

1 Accounting policies

The consolidated profit and loss account and balance sheet include the accounts of the company and all subsidiaries.

Sales are stated at the total amount receivable by the group for goods sold and services provided during the year, but exclude sales within the group. Goods sold on hire purchase are included in full but the profit is spread over the term of the contract.

Stock is stated at the lower of cost or net realisable value. Cost of manufactured stock includes an appropriate portion of overhead expenditure.

Properties are included at valuations made in 1965 and 1974 or at cost. The valuations were made on the basis that each property was regarded as available for existing use in the open market. Surpluses arising on the revaluation of properties are credited to reserves.

No depreciation is charged on freehold land. Depreciation is calculated for all other assets in equal annual instalments at the following rates:

Freehold buildings and long (over 100 years) leaseholds	– 1% to 4%.
Other long leaseholds	– over the remaining period of the lease.
Short (under 50 years) leaseholds	– over the remaining period of the lease.
Fixtures and fittings	– 10% to 20%.

Provision for deferred taxation is only made where there is a reasonable probability of payment in the foreseeable future.

The balance of trading profit for the year retained in the group is allocated in the consolidated profit and loss account between that part which is required to provide against the effects of inflation on the replacement cost of fixtures and fittings and working capital requirements, and that part which is available for future expansion and development of the group in real terms.

2 Trading profit

	1980 £000	1979 £000
Trading profit is stated after charging/ (crediting) the following :		
Depreciation	6,669	5,237
Auditors' remuneration	112	97
Rental of leased equipment	559	623
Income from investment in affiliated company	(135)	(196)
Profit on sale of properties	(280)	(119)
Directors' remuneration including profit sharing :		
Remuneration as managers	390	347
Pensions	36	30

John Lewis and Company Limited

Notes on the accounts continued

3 Director's emoluments

The following emoluments which include Partnership Bonus of 20% (24%) relate to directors who served on the board during any part of the year:

	1980	1979
Chairman	£39,891	£39,891
after a waiver of:	£7,978	£9,574
Other Directors:	Number	Number
£35,001 — £40,000	2	—
£30,001 — £35,000	2	2
£25,001 — £30,000	2	2
£20,001 — £25,000	4	4
£15,001 — £20,000	—	2
£10,001 — £15,000	1	1
£5,001 — £10,000	1	1
Up to — £5,000	1	—

4 Employees' emoluments

Other employees receiving remuneration of more than £20,000 per annum excluding pension fund contributions but including Partnership Bonus:

£35,001 — £40,000	1	—
£30,001 — £35,001	—	1
£25,001 — £30,000	1	—
£20,001 — £25,000	13	7

5 Interest

	1980	1979
	£000	£000
On debentures	906	926
On loans repayable within five years	2,408	983
On loans repayable after five years	2,596	1,648
Deduct interest receivable	(1,028)	(954)
	<hr/> 4,882	<hr/> 2,603

6 Pension funds

The benefits of the pension scheme, privately administered and non-contributory, are funded by a contribution of 7% of the payroll. In addition the Partnership has for many years paid some pensions out of profits to cover years of service before the fund began in 1941, to supplement the pensions of some who retired before the scheme was fully mature and to adjust pensions already granted for changes in the cost of living. It was however decided to transfer from 1st December 1979 the cost of paying nearly all such additional pensions to the Partnership's pensions fund, which had a substantial actuarial surplus. The charge to the Partnership's accounts in respect of additional pensions was £801,000 in 1979/80 and will fall to approximately £35,000 in 1980/81.

John Lewis and Company Limited

Notes on the accounts continued

7 Taxation

	1980 £000	1979 £000
Corporation tax based on the profit for the year	993	2,933
Group relief	5	—
Corporation tax—previous years	(2,120)	354
	(1,122)	3,287

The tax charge is based on a corporation tax rate of 52% (52%).

Taxation reliefs taken into account in arriving at the charge for the year

Arising in the year	12,127	9,532
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Accumulated taxation reliefs taken into account:

Capital allowances in excess of depreciation	31,101	24,247
Taxation relief on increased stock values	18,639	16,223
	49,740	40,470

Accumulated taxation reliefs have been reduced by £2,857,000 under the provision of the Finance (No 2) Act 1979, in respect of stock appreciation relief granted in the years ended January 1974 and 1975 which has now become permanent.

In addition, no provision has been made in these accounts for the liability to taxation of capital gains amounting to £4,111,000 (£4,111,000), which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

8 Profit attributable to John Lewis and Company Limited

Dealt with in the accounts of John Lewis and Company Limited	8,652	7,956
Retained by subsidiaries	13,318	10,430
	21,970	18,386

9 Dividends

5% (now 3.5% plus tax credit) First Cumulative Preference Stock	53	53
7% (now 4.9% plus tax credit) Cumulative Preference Stock	37	37
Ordinary Shares	600	350
	690	440

John Lewis and Company Limited

Notes on the accounts continued

10 Fixed assets

Consolidated

	Total fixed assets £000	Land and buildings			Fixtures and fittings £000
		Freehold £000	Long leasehold £000	Short leasehold £000	
Net book values at 27th January 1979	126,697	39,195	61,036	5,336	21,130
Additions at cost	29,079	6,155	9,546	1,415	11,963
Disposals at net book values	(1,484)	(1,216)	(48)	(28)	(192)
	154,292	44,134	70,534	6,723	32,901
Depreciation charge for the year	(6,669)	(543)	(917)	(338)	(4,871)
Net book values at 26th January 1980	147,623	43,591	69,617	6,385	28,030
At valuation 1965	674	674	—	—	—
At valuation 1974	60,735	30,982	27,553	2,200	—
At cost	114,427	14,554	45,839	5,543	48,491
	175,836	46,210	73,392	7,743	48,491
Less accumulated depreciation	(28,213)	(2,619)	(3,775)	(1,358)	(20,461)
	147,623	43,591	69,617	6,385	28,030

Company

	Total fixed assets £000	Land and buildings			Fixtures and fittings £000
		Freehold £000	Long leasehold £000	Short leasehold £000	
Net book values at 27th January 1979	17,972	192	376	670	7,735
Additions at cost	11,674	52	6,909	3	4,710
Disposals at net book values	(405)	(244)	(4)	(2)	(155)
Inter-company transfers at net book values	108	—	—	—	108
	29,349	—	16,280	671	12,398
Depreciation charge for the year	(2,121)	(—)	(67)	(36)	(2,013)
Net book values at 26th January 1980	27,228	—	16,213	635	10,380
At cost	36,779	—	16,305	853	19,621
Less accumulated depreciation	(9,551)	(—)	(92)	(218)	(9,241)
	27,228	—	16,213	635	10,380

John Lewis and Company Limited

Notes on the accounts continued

11 Inflation

The profit retained to offset inflation relates to:

	1980 £000	1979 £000
Depreciation of fixtures and fittings	2,600	2,300
Stocks	7,800	3,900
Debtors	4,600	1,900
	15,000	8,200
Less creditors	7,600	3,400
	7,400	4,800

The working capital adjustments are calculated on the basis of appropriate indices, published by the Central Statistical Office, applied to the values of stock, debtors and creditors in the preceding year.

12 Investment in affiliated company

100% of the issued and fully paid Ordinary Shares
in Leckford Estate Limited, a company controlled by
its Preference shareholders, at cost

31 31

That company's profit for the year to 30th September 1979 was £62,896 before tax and £35,129 after tax. A provision of £100,000 for deferred taxation was released and this increased the amount available for distribution to £135,129. After distributions of 6% on the Preference Shares and £135,000 on the Ordinary Shares the balance of profit, £126, increased reserves to £120,417 to which the Ordinary shareholders are entitled unless the company goes into liquidation, whereupon they are entitled to 25% of such retained profits.

13 Debtors

Debtors and prepayments include hire purchase debts of £1,511,801 (£1,360,211) after the deduction of £434,113 (£409,584) for unearned profit and £363,684 (£310,801) for unearned service charges and provision for doubtful debts.

14 Share capital

Authorised, issued and fully paid:

5% (now 3.5% plus tax credit) First Cumulative Preference Stock	1,500	1,500
7% (now 4.9% plus tax credit) Cumulative Preference Stock	750	750
Ordinary Shares of £1 each	6,750	6,750
	9,000	9,000

John Lewis and Company Limited

Notes on the accounts continued

15 Accumulated profits and other retentions

	Total reserves £000	Share premium £000	Other reserves £000
Consolidated			
At 27th January 1979	124,987	4,371	120,616
Profit retained to offset inflation	7,400	—	7,400
Profit retained for development	13,880	—	13,880
At 26th January 1980	146,267	4,371	141,896
Company			
At 27th January 1979	50,636	4,371	46,265
Retained profit for the year	7,963	—	7,963
At 26th January 1980	58,599	4,371	54,228

16 Other loans

	1980 £000	1979 £000
Bank loans (unsecured)		
Repayable within 1 year	—	6,000
Repayable in 2 to 5 years	18,000	9,000
Repayable after 5 years or more	10,000	—
Bank loans (secured)		
Repayable in 1 to 2 years	—	1,500
Repayable in 2 to 5 years	—	4,500
Repayable after 5 years or more	—	4,000
Other loans repayable within 1 year	—	8
	28,000	25,008

John Lewis and Company Limited

Notes on the accounts continued

17 Interests in subsidiaries		1980	1979
		£000	£000
	Investments at cost	30,761	30,761
	Amounts owing from subsidiaries	53,657	32,674
		<hr/>	<hr/>
	Amounts owing to subsidiaries	34,418	63,435
		17,336	9,309
		<hr/>	<hr/>
		67,082	54,126
		<hr/>	<hr/>

18 Debentures (secured)		1980	1979
		£000	£000
	John Lewis Properties Limited		
	4% Mortgage Debenture Stock, 1971/85 (Redeemable at par)	457	464
	5½% Mortgage Debenture Stock, 1984/89 (Redeemable at par)	372	404
	6½% Mortgage Debenture Stock, 1984/89 (Redeemable at par)	539	572
	10% Mortgage Debenture Stock, 1991/96 (Redeemable at par)	2,495	2,572
	9½% Mortgage Debenture Stock, 1992/97 (Redeemable at par)	5,000	5,000
	8½% Mortgage Debenture Stock, 1993/98 (Redeemable at par)	1,439	1,471
		<hr/>	<hr/>
		10,302	10,483
		<hr/>	<hr/>

19 Commitments

At 26th January 1980 the directors had authorised capital expenditure of £19,500,000 (£24,500,000) of which contracts had been placed for £10,400,000 (£13,700,000).

The group has an obligation to rebuild before 1988 certain buildings on the Peter Jones site, one stage of which has been completed.

John Lewis and Company Limited

Source and use of new funds

Use of funds	Years ended January		1978 £000	1979 £000	1980 £000
	1976 £000	1977 £000			
Net additions to land and buildings	10,290	10,747	3,564	12,981	15,824
Net additions to fixtures and fittings	3,095	5,767	6,309	7,491	11,771
Increase in stocks and debtors	2,908	13,926	11,356	21,286	21,381
(Increase) in creditors including taxation	(942)	(5,587)	(15,835)	(16,573)	(8,529)
Repayment (Increase) of loans and debentures	283	784	(162)	160	201
Increase (Decrease) in cash and bank balances	3,665	(3,308)	15,671	(2,162)	(9,707)
	19,299	22,329	20,903	23,183	30,941
Source of funds					
Profit for the year retained for use in the business	10,594	12,744	12,050	17,946	21,280
Depreciation	3,299	3,830	5,308	5,237	6,669
	13,893	16,574	17,358	23,183	27,949
Bank loans	7,500	3,500	5,800	—	2,992
Increase (Decrease) in bank overdraft	(2,094)	2,255	(2,255)	—	—
	19,299	22,329	20,903	23,183	30,941

**Report of the
auditors to the
members of
John Lewis and
Company Limited**

In our opinion the accounts and notes set out on pages 8 to 18 which have been prepared under the historical cost convention, as modified by the revaluation of certain properties, give, under that convention, a true and fair view of the state of affairs of the company and the group at 26th January 1980 and of the profit and source and use of funds of the group for the year then ended and comply with the Companies Acts 1948 and 1967.

Price Waterhouse & Co
Chartered Accountants
London

14th April 1980

John Lewis and Company Limited

Ten year record

	Years ended January									1980
	1971	1972	1973	1974	1975	1976	1977	1978	1979	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total turnover	116,878	139,722	172,494	209,387	251,600	307,089	369,721	436,813	532,741	646,225
Profit after payment of interest	7,313	9,782	13,705	14,588	15,428	20,275	23,397	29,065	39,923	41,129
Contributions to pensions and life assurance funds	1,425	1,370	2,265	1,495	1,717	3,402	4,046	4,587	4,435	5,612
Taxation	1,494	1,857	1,320	2,426	322	1,053	(643)	3,009	3,287	(1,122)
Dividends	784	772	760	528	482	490	690	590	440	690
Net profit available for profit sharing and retention in the business	3,610	5,783	9,360	10,139	12,907	15,330	19,304	20,879	31,761	35,949
Partnership bonus	1,693	2,679	3,897	3,733	3,876	4,736	6,560	8,829	13,815	14,669
As a percentage of pay	11	15	18	15	13	13	15	18	24	20
Retained for use in the business	1,917	3,104	5,463	6,406	9,031	10,594	12,744	12,050	17,946	21,280
	3,610	5,783	9,360	10,139	12,907	15,330	19,304	20,879	31,761	35,949
Assets employed	57,600	65,590	76,030	82,357	100,727	118,538	134,258	152,270	170,056	194,127
Total pay	17,190	19,710	23,588	27,603	33,807	40,805	47,376	53,919	63,228	80,076
Number of employees	20,200	21,400	23,100	25,000	25,300	24,800	25,100	25,800	26,300	27,500
including part-time employees	6,600	7,300	8,100	7,300	8,100	7,800	7,900	8,300	8,400	8,900

John Lewis and Company Limited

Retail branches

L.C.

Department Stores

London

John Lewis, Oxford Street
Peter Jones, Sloane Square
John Barnes, Finchley Road
Jones Brothers, Holloway
Pratts, Streatham
John Lewis, Brent Cross

Southern England

Heelas, Reading
John Lewis, Milton Keynes
Tyrrell and Green, Southampton
Robert Sayle, Cambridge
Knight & Lee, Southsea
Caleys, Windsor
Trewin Brothers, Watford

Midland and Northern England and Scotland

Bainbridge, Newcastle
Cole Brothers, Sheffield
George Henry Lee, Liverpool
Jessop & Son, Nottingham
John Lewis, Edinburgh

Waitrose supermarkets

London

Barnet
Brent Cross
Chiswick

East Sheen
Kensington
Kenton

Temple Fortune
Whetstone

Southern England

Allington Park
Andover
Banstead
Berkhamsted
Birch Hill
Brighton
Bromley
Canford Heath
Chesham
Cirencester
Coulsdon
Cowplain
Crowborough
Dibden
Dorking
Dunstable
Epsom
Fleet

Godalming
Gosport
Green Street
Green
Havant
Hayes
Henley
Horley
Leighton
Buzzard
Lymington
Marlborough
Marlow
Milton Keynes
Ramsgate
Romsey
St Albans

Slough
Southchurch
Southsea
Staines
Stevenage
Tilehurst
Wallingford
Wantage
Watford
Westbourne
Westbury Park
Weybridge
Windsor
Winton
Witney
Wokingham
Woodley

Midlands

Blaby
Daventry
Evington
Four Oaks

Hall Green
Kiddernminster
Kingsthorpe
Sheldon

Stourbridge
Washwood
Heath

East Anglia

Huntingdon

Newmarket

In addition to the shops listed above the Partnership has businesses engaged in wholesale and export trade in textiles, and in manufacturing of which much of the production is sold through its retail branches.

John Lewis and Company Limited

Subsidiary companies as at 26th January 1980

**Wholly owned
subsidiaries of John
Lewis and Company
Limited**

John Lewis Properties Limited
Waitrose Limited
Cavendish Textiles Limited
Stead, McAlpin & Company Limited
Herbert Parkinson Limited
John Lewis Overseas Limited

**Wholly owned
subsidiaries of John
Lewis Properties
Limited**

Cole Brothers Limited
Suburban & Provincial Stores Limited

The whole of all classes of share capital is held within the group. The list excludes companies which have no material effect on the accounts of the group. The ultimate holding company is John Lewis Partnership Limited which is incorporated in England.

The accounts of Waitrose Limited are audited by Kidsons. The share of group turnover and profit after tax attributable to Waitrose Limited is 41% and 23% respectively.