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John Lewis plc

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Report and accounts 1985

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Notice of annual general meeting

Notice is hereby given that the fifty-seventh annual general meeting of the company will be held at 12.15 pm on Thursday the 13th day of June 1985 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 1984/85.
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
8th May 1985

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.

Board of directors

Chairman P T Lewis MA

Deputy chairman J S Sadler CBE, MA

I A J Anderson

P Falconer BA

J B Foster

D Gorsky MA

B C G Hutchings

H Legg

G P K Miller MA

S J G Neal BA

D J Rawlings BSc

P P Thomas MA

Secretary Betty E Dickinson FCIS

Chief accountant T M Phillips BSc (Econ), FCA

Auditors Price Waterhouse

Solicitors Clifford-Turner

Bankers National Westminster Bank PLC

**Registered office
and Transfer office** 4 Old Cavendish Street
London W1A 1EX

Summary of results for the year ended 26th January 1985

Turnover and profits		1984 £000	1985 £000
	Turnover	1,072,063	1,206,223
	Trading profit including income from investment	63,099	69,656
	Interest	4,257	3,855
	Taxation	8,500	13,694
	Dividends	1,490	690
	Balance available for sharing and retention in the business	48,852	51,417
	Partnership bonus	25,378	25,713
	Retained in the business to offset inflation	4,200	5,300
	Retained in the business for development	19,274	20,404
Capital employed	Net assets employed at the year end	306,738	332,422
Numbers employed	Employees (weighted for part-timers)	23,600	24,600
Number of shops	Department stores	21	21
	Supermarkets	76	77

Five year record

	Years ended January				
	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
Turnover	754,260	810,074	922,203	1,072,063	1,206,223
Profit after payment of interest	39,794	40,683	44,593	66,583	74,559
Pension costs	5,810	4,915	5,750	7,741	8,758
Taxation	2,189	49	5,058	8,500	13,694
Dividends	430	490	490	1,490	690
Net profit available for profit sharing and retention in the business	31,365	35,229	33,295	48,852	51,417
Partnership bonus	12,642	15,673	17,077	25,378	25,713
As a percentage of pay	14	16	16	21	19
Retained for use in the business	18,723	19,556	16,218	23,474	25,704
	31,365	35,229	33,295	48,852	51,417
Net assets employed	245,773	265,993	283,264	306,738	332,422
Pay	96,811	103,382	115,625	129,740	146,321
Number of employees including part-time employees	27,500 9,000	27,200 8,800	28,200 9,100	29,500 9,600	30,900 10,100

Statement by the chairman Mr P T Lewis

The Partnership has unique profit sharing arrangements, dating from 1929. The high level of profit enabled the Partnership at the year's end to share between its members £25.7 million—a rate of Partnership bonus of 19% of annual earnings. This was paid in cash.

The size of the business remained substantially unaltered—21 department stores, no new additions, 77 supermarkets, two new Waitrose branches. The numbers employed rose above 30,000 for the first time. The increase in numbers was proportionately less than the increase in the volume of business.

Pre-tax profit rose nearly 12% from £59 million to £66 million. There is no obvious reason at this stage why the Partnership should not repeat that level in the current year.

A conspicuous burden for 1984/5 has been a notably higher level of taxation. Corporation tax is up £5 million from £8 million to £13 million. The main reason is higher profit, but the change has also been affected by Government policy in the removal of stock relief and the lower rates for capital allowances.

Despite this the Partnership generated all and more than the cash needed for its own capital expenditures. We set aside by way of a separate retention out of post tax profit, as we have done now for the past seven years, a sufficient sum (this year £5 million) to counter any misleading effects of inflation on working capital and depreciation. This is the simplest and most satisfactory way in our business to account for inflation. We additionally transferred £21 million of net profit to reserves, the same figure as the year before. With depreciation running at £14 million this brought the Partnership's cash flow to £40 million. Expenditure on buildings and fixtures was £35 million and is not expected to be significantly greater in 1985/6. The financial position is therefore strong. Loans at the year end amounted to less than 10% of total capital employed. The cost of servicing our borrowing was actually lower in 1984 than in 1983.

The Partnership's sales for 1984/85 increased faster than national retail comparisons, both in our department stores and in our Waitrose supermarkets. The increase was equally divided between the two, totalling £134 million and bringing the Partnership's turnover for the year to £1,206 million (+12½%).

In both Waitrose and the department stores the value of the sales increases was well ahead of any relevant movement in the price of

the goods we sell, so the growth in business was real and substantial. Our experience does, however, reflect some difference between the north and south of the country. A pound's worth of increased trade in, for example, Newcastle, Sheffield or Liverpool is currently much more hardily won than in the south.

Perhaps it's worth pointing out that the Partnership's department stores have increased their sales at a higher rate than the nation's retail trade as a whole in all but three of the past twenty years. This is one of those awkward facts that certain commentators tend to overlook when they dismiss too superficially the traditional strengths of department stores. There is every reason to suppose that the essential principles of department store trading will hold good for the foreseeable future.

More to the point would be concern about city centres, where so many of the public wish to continue to shop comprehensively with the benefit of well-organised transport and car parking. At the moment, the impression is given that central and local government spend more time in dispute than in serving the essential interests of the inner urban areas. If through the planning procedure central government promotes the development of shopping out-of-town, substantial retail business will in time be driven away from the city centres. The deterioration may be slow, even imperceptible at first, but it will be certain and could be devastating, particularly for employment. This country is not so large that it can afford to dispense with ordered planning. Consistency and continuity in controls are not inconsistent with progress and competition.

In the course of the year the Partnership was able to raise the minimum annual holiday entitlement of most Partners from four weeks to five weeks, and to introduce a degree, albeit qualified, of annual indexation of pensions in the course of payment. The Partnership has been fortunate in being able in practice to maintain the value of pensions against inflation in recent years, but hitherto that has been the result of ad hoc decisions taken from time to time by the Board and the Central Council. In future indexation up to 5% per annum will flow more or less automatically.

After 11 weeks of the current year the Partnership's sales are ahead of 1984/5 by 14% in department stores and 13% in Waitrose.

Directors' report for the year ended 26th January 1985

Directors	The directors of the company are as listed on page 3. On 10th May 1984 Mr J A Powell resigned and Mr J S Sadler was appointed a director and Deputy Chairman in his place.											
Employees	<p>The company is the principal trading subsidiary of John Lewis Partnership plc, the latter being the principal holding company under trusts set up in 1929 and 1950 to implement the constitution of the John Lewis Partnership. Among other things those trusts and the constitution provide employees of this company annually with a share of all the profits of the business in proportion to the pay of each individual; the constitution also provides for their constant and effective involvement in its affairs through elected councils and elected membership of the board of John Lewis Partnership plc. There is full, prompt and regular information on all its aspects through extensive weekly journalism, as well as wide-ranging communication and exchange of opinion, written and oral, through councils, committees, journalism and immediate management. Detailed explanations of financial results are given at intervals through the year in local units and for the John Lewis Partnership as a whole, including full analysis and council debate on the annual report and accounts of the holding company. John Lewis plc fully maintained that constitution in the course of the year.</p> <p>The company recruits disabled people for suitable vacancies and provides for such staff appropriate training and careers. Where disability occurs during the period of employment every effort is made to continue to provide suitable employment with the provision of appropriate training.</p>											
Principal activity	The company controls the businesses listed on page 22, comprising 21 department stores, 77 Waitrose supermarkets and ancillary manufacturing activities.											
Use of profits	Preference dividends absorbed £90,000 and an interim dividend of £600,000 has been paid on the Ordinary Shares leaving £25,684,000 to be added to reserves.											
Review of the business	A review of the business and of future developments is included in the Chairman's statement.											
Inflation	<p>The directors consider it appropriate to reflect the effect of inflation in the accounts by setting aside a separate sum each year as a retention.</p> <p>The retention is based on the effects of inflation on working capital requirements and the replacement cost of fixtures and fittings as explained in Notes 1 and 19 to the accounts.</p> <p>The directors consider that no advantage would derive from the introduction of a second set of inflation adjusted accounts and have decided that, as before, current cost accounts in the form prescribed by SSAP 16 will not be published.</p>											
Directors' interests	<p>Under the constitution of the Partnership all the directors, as employees of John Lewis plc, are necessarily interested in the 612,000 Deferred Ordinary Shares in John Lewis Partnership plc which are held in trust for the benefit of employees of John Lewis plc and of certain other companies.</p> <p>The following further personal interests in John Lewis Partnership plc 7½ % Cumulative Preference Stock at 28th January 1984 and 26th January 1985 have been registered:</p> <table><tr><td></td><td>1985</td><td>1984</td></tr><tr><td></td><td>£</td><td>£</td></tr><tr><td>G P K Miller</td><td>1,200</td><td>1,200</td></tr></table>				1985	1984		£	£	G P K Miller	1,200	1,200
	1985	1984										
	£	£										
G P K Miller	1,200	1,200										
Charitable donations	The group donated £440,000 for charitable purposes during the year but made no political donations.											

For and by order of the board
B E Dickinson *Secretary*
18th April 1985

Consolidated profit and loss account for year ended 26th January 1985

Notes		1985 £000	1984 £000
2	Turnover	1,206,223	1,072,063
	Value added tax	102,045	91,273
		1,104,178	980,790
	Cost of sales	807,228	716,495
	Gross profit	296,950	264,295
	Selling and distribution costs	201,749	178,455
	Administrative costs	17,167	16,295
3	Other operating income	(248)	(1,051)
	Pension costs	8,758	7,741
	Trading profit	69,524	62,855
	Income from investment	(112)	(244)
4	Interest	3,855	4,257
5	Profit before Partnership bonus and taxation	65,781	58,842
	Partnership bonus	25,713	25,378
	Profit on ordinary activities before taxation	40,068	33,464
8	Tax on profit on ordinary activities	13,694	8,500
9	Profit for the financial year	26,374	24,964
10	Dividends	690	1,490
19	Profit retained to offset inflation	5,300	4,200
	Profit retained for development	20,384	19,274

Consolidated balance sheet as at 26th January 1985

Notes		1985 £000	1984 £000
	Fixed assets		
11	Tangible assets	314,055	295,976
12	Investment in affiliated company	2,092	1,784
		316,147	297,760
	Current assets		
14	Stocks	104,941	94,794
15	Debtors	84,467	78,131
	Investment – tax certificates of deposit	878	—
	Cash at bank and in hand	13,046	6,648
		203,332	179,573
	Creditors		
16	Amounts falling due within one year	155,850	136,113
	Net current assets	47,482	43,460
	Total assets less current liabilities	363,629	341,220
	Creditors		
16	Amounts falling due after more than one year	31,207	34,482
	Net assets	332,422	306,738
	Capital and reserves		
17	Called up share capital	9,000	9,000
18	Share premium account	4,371	4,371
18	Revaluation reserve	80,429	81,393
	Other reserves – capital	1,365	1,365
18	Profit and loss account – accumulated profit and other retentions	237,257	210,609
	Total capital employed	332,422	306,738

P T Lewis

J S Sadler

Approved by the Board on 18th April 1985.

P T Lewis
J S Sadler

Balance sheet as at 26th January 1985

Notes		1985 £000	1984 £000
	Fixed assets		
11	Tangible assets	60,851	56,872
13	Investments in subsidiaries	92,895	86,409
12	Investment in affiliated company	2,092	1,784
		155,838	145,065
	Current assets		
14	Stocks	52,544	48,174
15	Debtors	57,085	51,978
	Investment – tax certificate of deposit	878	—
	Cash at bank and in hand	8,384	4,478
		118,891	104,630
	Creditors		
16	Amounts falling due within one year	155,685	137,153
	Net current liabilities	36,794	32,523
	Total assets less current liabilities	119,044	112,542
	Creditors		
16	Amounts falling due after more than one year	22,000	25,000
	Net assets	97,044	87,542
	Capital and reserves		
17	Called up share capital	9,000	9,000
18	Share premium account	4,371	4,371
18	Revaluation reserve	2,133	2,252
18	Profit and loss account – accumulated profit and other retentions	81,540	71,919
	Total capital employed	97,044	87,542

P. T. Lewis
J. S. Sadler

Approved by the Board on 18th April 1985.

P T Lewis
J S Sadler

Statement of source and use of funds

Source of funds	Years ended January				
	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
Arising from trading:					
Profit before Partnership bonus and taxation:	33,984	35,768	38,843	58,842	65,781
Adjustment for items not involving a movement of funds:					
Depreciation	8,436	10,600	12,405	12,851	14,489
Profit on sale of fixed assets	(1,937)	(3,610)	(638)	(1,051)	(248)
	40,483	42,758	50,610	70,642	80,022
Funds from other sources:					
Proceeds from sale of fixed assets	4,186	8,600	2,268	3,688	2,567
Bank loans	3,000	1,000	3,000	—	—
Total inflow	47,669	52,358	55,878	74,330	82,589
Use of funds					
Additions to land and buildings	19,135	18,470	13,016	17,708	14,692
Additions to fixtures and fittings	10,974	12,982	13,624	18,108	20,195
Acquisition of subsidiary	—	—	953	6,540	—
Repayment of bank loans and debentures	550	443	144	10,874	3,438
Corporation tax paid	373	2,382	(702)	4,746	5,633
Dividends paid	689	430	490	490	1,490
Partnership bonus	14,679	12,641	15,715	17,025	25,322
	46,400	47,348	43,240	75,491	70,770
Increase/(decrease) in working capital:					
Stocks	4,230	9,617	2,395	7,108	10,147
Debtors	5,196	3,239	7,899	8,696	6,336
Creditors	(6,245)	3,588	(6,049)	(26,466)	(11,940)
Total outflow	49,581	63,792	47,485	64,829	75,313
Net inflow/(outflow)	(1,912)	(11,434)	8,393	9,501	7,276
Increase/(decrease) in cash and deposits	(1,912)	(1,586)	139	5,491	7,276
(Increase)/decrease in bank overdraft	—	(9,848)	8,254	4,010	—

Notes on the accounts

1	Accounting policies	<p>The consolidated profit and loss account and balance sheet include the accounts of the company and all subsidiaries.</p> <p>Turnover is the amount receivable by the group for goods and services supplied to customers.</p> <p>Stock is stated at the lower of cost, which is generally computed on the basis of selling price less the appropriate trading margin, or net realisable value.</p> <p>Rentals receivable, less provision for amortisation of the cost of leased equipment, are credited to profit and loss account over the primary period of each lease so as to give a constant periodic rate of return on the net cash investment in each period, taking into account the effects of taxation.</p> <p>Land and buildings are included at valuations made in 1974 and 1980 or at cost. The valuations were made on the basis that each property was regarded as available for existing use in the open market. Recent additions are carried at cost until they reach full trading potential. The net surplus arising on the revaluation of properties is credited to revaluation reserve.</p> <p>No depreciation is charged on freehold and long (over 100 years) leasehold land. Depreciation is calculated for all other assets in equal annual instalments so as to write off the book amount of these assets over the expected life. The following rates have been used:</p> <table><tr><td>Freehold buildings and long (over 100 years) leaseholds</td><td>- 1% to 4%</td></tr><tr><td>Other leaseholds</td><td>- over the remaining period of the lease</td></tr><tr><td>Fixtures and fittings</td><td>- 10% to 33 1/3%</td></tr></table> <p>Provision for deferred taxation is only made where there is a reasonable probability of payment in the foreseeable future.</p> <p>The 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.</p>			Freehold buildings and long (over 100 years) leaseholds	- 1% to 4%	Other leaseholds	- over the remaining period of the lease	Fixtures and fittings	- 10% to 33 1/3%												
Freehold buildings and long (over 100 years) leaseholds	- 1% to 4%																					
Other leaseholds	- over the remaining period of the lease																					
Fixtures and fittings	- 10% to 33 1/3%																					
2	Analysis of turnover and profit	<p>The Partnership is principally engaged in the business of retailing in department stores and supermarkets and also operates some ancillary manufacturing activities.</p> <p>The business is carried on in the United Kingdom and the turnover derives mainly from that source.</p>																				
3	Other operating income	1985	1984																			
		£000	£000																			
	Profit on sale of properties	248	1,051																			
4	Interest	<p>Interest payable:</p> <table><tr><td>On bank loans, overdrafts and other loans repayable within 5 years</td><td>3,665</td><td>2,958</td></tr><tr><td>On all other loans</td><td>2,239</td><td>2,855</td></tr><tr><td>Interest receivable</td><td>(2,049)</td><td>(1,556)</td></tr><tr><td></td><td>3,855</td><td>4,257</td></tr></table>			On bank loans, overdrafts and other loans repayable within 5 years	3,665	2,958	On all other loans	2,239	2,855	Interest receivable	(2,049)	(1,556)		3,855	4,257						
On bank loans, overdrafts and other loans repayable within 5 years	3,665	2,958																				
On all other loans	2,239	2,855																				
Interest receivable	(2,049)	(1,556)																				
	3,855	4,257																				
5	Profit before Partnership bonus and taxation	<p>Profit before Partnership bonus and taxation is stated after charging the following:</p> <p>Staff costs excluding Partnership bonus:</p> <table><tr><td>Pay</td><td>146,321</td><td>129,740</td></tr><tr><td>Social security costs</td><td>15,404</td><td>14,439</td></tr><tr><td>Other pension costs</td><td>8,758</td><td>7,741</td></tr><tr><td>Depreciation</td><td>14,489</td><td>12,851</td></tr><tr><td>Auditors' remuneration</td><td>184</td><td>174</td></tr><tr><td>Rental of leased equipment</td><td>348</td><td>473</td></tr></table>			Pay	146,321	129,740	Social security costs	15,404	14,439	Other pension costs	8,758	7,741	Depreciation	14,489	12,851	Auditors' remuneration	184	174	Rental of leased equipment	348	473
Pay	146,321	129,740																				
Social security costs	15,404	14,439																				
Other pension costs	8,758	7,741																				
Depreciation	14,489	12,851																				
Auditors' remuneration	184	174																				
Rental of leased equipment	348	473																				

Notes on the accounts continued

- 6 Contributions to pension funds The benefits of the pension scheme, privately administered and non-contributory, are funded by a contribution expressed as a percentage of the paysheet. The rate of contribution was 6% in 1984/85. In addition, the Partnership pays some pensions out of profits, mainly to adjust pensions already granted to take account of changes in prices. The charge to the Partnership's accounts in respect of additional pensions was £414,000 in 1984/85.

- 7 Directors and employees Directors' remuneration including pension fund contributions and Partnership bonus of 19% (21%) was as follows:

	1985 £000	1984 £000
Remuneration as managers	827	689
Pensions to past directors	11	6

Excluding pension fund contributions but including Partnership bonus, the emoluments of the individual directors, who served on the board during any part of the year, were as follows:

	1985	1984
Chairman	£105,472	£75,533
after a waiver of:	£19,873	£15,707
Other directors:	Number	Number
£10,001 – £15,000	1	–
£15,001 – £20,000	–	1
£20,001 – £25,000	1	5
£25,001 – £30,000	4	2
£30,001 – £35,000	3	1
£35,001 – £40,000	–	1
£40,001 – £45,000	–	1
£45,001 – £50,000	2	–
£50,001 – £55,000	1	–

Emoluments of employees other than directors receiving remuneration of more than £30,000 per annum excluding pension fund contributions but including Partnership bonus were as follows:

	Number	Number
£30,001 – £35,000	18	19
£35,001 – £40,000	16	7
£40,001 – £45,000	5	1
£45,001 – £50,000	1	–
£50,001 – £55,000	–	1
£55,001 – £60,000	–	1
£60,001 – £65,000	1	–

During the year the average number of employees of the group, all of whom were employed in the UK, was as follows:

Department stores	18,550	18,000
Supermarkets	11,500	10,650
Other	850	850

Notes on the accounts continued

8	Tax on profit on ordinary activities		1985	1984
			£000	£000
		Corporation tax based on the profit for the year	13,976	9,547
		Group relief	8	10
		Corporation tax -- previous years	(290)	(1,057)
			13,694	8,500
		The tax charge is based on a corporation tax rate of 45.8% (50.3%)		
		The taxation charge for the year has been reduced by:		
		Capital allowances in excess of depreciation	5,064	6,988
		Stock relief	756	2,584
			5,820	9,572
		Total taxation deferred in respect of capital allowances in excess of depreciation amounts to £58,610,000 (£53,546,000) at the rates ruling when the allowances were claimed.		
		No provision has been made in these accounts for the liability to taxation of capital gains amounting to £27,395,000 (£26,760,000), which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.		
9	Profit for the financial year		1985	1984
			£000	£000
		Dealt with in the accounts of John Lewis plc	10,191	7,442
		Retained by subsidiaries	16,183	17,522
			26,374	24,964
		As permitted by Section 149 of the Companies Act 1948, John Lewis plc has not presented its own profit and loss account.		
10	Dividends	5% (now 3½% plus tax credit) First Cumulative Preference Stock	53	53
		7% (now 4.9% plus tax credit) Cumulative Preference Stock	37	37
		Ordinary Shares	600	1,400
			690	1,490

Notes on the accounts continued

11 Tangible assets	Consolidated	Land and Buildings £000	Fixtures and Fittings £000	Payments on account and assets in course of construction £000	Total £000
	Cost or valuation				
	At 28th January 1984	258,221	94,622	2,183	355,026
	Additions at cost	3,490	18,077	13,320	34,887
	Transfers	4,833	1,593	(6,426)	—
	Disposals	(536)	(4,660)	(146)	(5,342)
	At 26th January 1985	266,008	109,632	8,931	384,571
	At cost	120,682	109,632	8,931	239,245
	At valuation 1974	2,583	—	—	2,583
	At valuation 1980	142,743	—	—	142,743
		266,008	109,632	8,931	384,571
	Depreciation				
	At 28th January 1984	15,023	44,027	—	59,050
	Charge for the year	4,127	10,362	—	14,489
	On disposals	(92)	(2,931)	—	(3,023)
	At 26th January 1985	19,058	51,458	—	70,516
	Net book values at 28th January 1984	243,198	55,595	2,183	295,976
	Net book values at 26th January 1985	246,950	58,174	8,931	314,055
				1985 £000	1984 £000
	Land and buildings at cost or valuation:				
	Freehold property			118,793	117,640
	Leasehold property, 50 years or more unexpired			124,455	118,835
	Leasehold property, less than 50 years unexpired			22,760	21,746
				266,008	258,221
	Included in land and buildings at 26th January 1985 is land valued at £39,897,000, which is not subject to depreciation.				
	If they had not been revalued, land and buildings at 26th January 1985 would have been included at the following amounts:				
				£000	£000
	Cost			188,420	180,559
	Accumulated depreciation			21,701	18,721
				166,719	161,838

Notes on the accounts continued

11 Tangible assets (continued)	Company	Land and Buildings £000	Fixtures and Fittings £000	Total £000
	Cost or valuation			
	At 28th January 1984	38,359	38,507	76,866
	Additions at cost	545	9,083	9,628
	Transfers	—	(23)	(23)
	Disposals	—	(1,933)	(1,933)
	At 26th January 1985	38,904	45,634	84,538
	At cost	33,562	45,634	79,196
	At valuation 1980	5,342	—	5,342
		38,904	45,634	84,538
	Depreciation			
	At 28th January 1984	1,629	18,365	19,994
	Charge for the year	542	4,464	5,006
	Transfers	—	(23)	(23)
	On disposals	—	(1,290)	(1,290)
	At 26th January 1985	2,171	21,516	23,687
	Net book values at 28th January 1984	36,730	20,142	56,872
	Net book values at 26th January 1985	36,733	24,118	60,851
			1985 £000	1984 £000
	Land and buildings at cost or valuation:			
	Freehold property		15	15
	Leasehold property, 50 years or more unexpired		37,096	36,551
	Leasehold property, less than 50 years unexpired		1,793	1,793
			38,904	38,359
	Included in land and buildings at 26th January 1985 is land valued at £15,000, which is not subject to depreciation.			
	If they had not been revalued, land and buildings at 26th January 1985 would have been included at the following amounts:			
		£000	£000	
	Cost	36,466	35,921	
	Accumulated depreciation	1,688	1,445	
		34,778	34,476	

Notes on the accounts continued

12 Investment in affiliated company		Shares	Loans	Total
		£000	£000	£000
	At 28th January 1984	31	1,753	1,784
	Additions and advances	—	308	308
	At 26th January 1985	31	2,061	2,092
Shares and loans relate to Leckford Estate Limited, a company controlled by its Preference shareholders. 100% of the issued and fully paid ordinary shares are owned by the group and are included at cost. The capital and reserves of Leckford Estate Limited at 30th September 1984 were as follows:				
				£
Ordinary shares of £1 each				25
6% (now 4.2% plus tax credit) Preference shares				75
Reserves				127,580
				127,680
The profit of Leckford Estate Limited for the year to 30th September 1984 was £173,702 before tax and £112,822 after tax. After distributions of 6% on the preference shares and £112,000 on the ordinary shares the balance of profit, £819, increased reserves to £127,580 to which ordinary shareholders are entitled unless the company goes into liquidation, whereupon they are entitled to 25% of such retained profits.				
13 Investments in subsidiaries		Shares in group companies	Loans to group companies	Total
		£000	£000	£000
	At 28th January 1984	30,883	55,526	86,409
	Movements	42	2,694	2,736
	Dividends receivable	—	3,750	3,750
	At 26th January 1985	30,925	61,970	92,895
14 Stocks	Consolidated		1985	1984
			£000	£000
	Raw materials and work-in-progress		5,892	4,153
	Finished goods		99,049	90,641
			104,941	94,794
Company			1985	1984
			£000	£000
	Raw materials and work-in-progress		775	755
	Finished goods		51,769	47,419
			52,544	48,174

Notes on the accounts continued

15 Debtors	Consolidated	1985	1984
		£000	£000
	Amounts falling due within one year:		
	Trade debtors	64,888	57,618
	Other debtors	4,491	4,960
	Prepayments and accrued income	4,060	4,243
	Lease rentals receivable	218	221
		73,657	67,042
	Amounts falling due after more than one year:		
	Trade debtors	10,303	10,329
	Lease rentals receivable	507	760
		10,810	11,089
	Total debtors	84,467	78,131
	Company		
	Amounts falling due within one year:		
	Trade debtors	46,271	39,735
	Other debtors	1,712	2,767
	Prepayments and accrued income	2,156	2,412
		50,139	44,914
	Amounts falling due after more than one year:		
	Trade debtors	6,946	7,064
	Total debtors	57,085	51,978

Notes on the accounts continued

16 Creditors	Consolidated	1985 £000	1984 £000
	Amounts falling due within one year:		
	Trade creditors	71,752	63,997
	Other creditors	9,299	6,228
	Holding company	677	585
	Taxation and social security	40,254	31,024
	Accruals and deferred income	7,296	7,487
	Debenture loans (secured)	189	—
	Proposed dividend	645	1,445
	Partnership bonus	25,738	25,347
		155,850	136,113
	Amounts falling due after more than one year:		
	Debenture loans		
	— within 1 to 2 years	—	200
	— within 2 to 5 years	716	—
	Bank loans		
	— within 2 to 5 years	7,000	10,000
	Due by instalment after 5 years		
	— Debenture loans	3,438	4,273
	— Bank loans	15,000	15,000
	Due other than by instalments after 5 years		
	— Debenture loans	5,000	5,000
	Other creditors	53	9
		31,207	34,482
	Total of instalment payments due after 5 years	8,038	13,693
	Debentures (secured on land and buildings)		
	John Lewis Properties plc		
	4% Mortgage Debenture Stock, 1971/85	189	200
	5½% Mortgage Debenture Stock, 1984/89	283	303
	6¼% Mortgage Debenture Stock, 1984/89	433	455
	10% Mortgage Debenture Stock, 1991/96	2,135	2,197
	9¼% Mortgage Debenture Stock, 1992/97	5,000	5,000
	8¼% Mortgage Debenture Stock, 1993/98	1,303	1,318
		9,343	9,473

Notes on the accounts continued

16 Creditors (continued)	Company	1985 £000	1984 £000
	Amounts falling due within one year:		
	Trade creditors	61,561	57,180
	Other creditors	5,747	3,296
	Holding company	669	442
	Taxation and social security	15,669	11,075
	Accruals and deferred income	2,893	2,517
	Proposed dividend	645	1,445
	Partnership bonus	25,197	24,827
	Owed to group companies	43,304	36,371
		155,685	137,153
	Amounts falling due after more than one year:		
	Bank loans		
	– within 2 to 5 years	7,000	10,000
	Due by instalment after 5 years	15,000	15,000
	– Bank loans		
		22,000	25,000
	Total of instalment payments due after 5 years	5,000	10,000
	Bank loans are repayable mainly by instalments up to 1991 at varying rates of interest based on London inter-bank offered rates.		
17 Share capital		1985 £000	1984 £000
	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

Notes on the accounts continued

18 Reserves	Consolidated	Share premium	Revaluation reserve	Other reserves - capital	Profit and loss account	Total reserves
		£000	£000	£000	£000	£000
	At 28th January 1984	4,371	81,393	1,365	210,600	297,738
	Profit retained to offset inflation	—	—	—	5,300	5,300
	Profit retained for development	—	—	—	20,384	20,384
	Transfers	—	(964)	—	964	—
	At 26th January 1985	4,371	80,429	1,365	237,257	323,422
	Company		Share premium	Revaluation reserve	Profit and loss account	Total reserves
			£000	£000	£000	£000
	At 28th January 1984		4,371	2,252	71,919	78,542
	Profit retained for development		—	—	9,502	9,502
	Transfers		—	(119)	119	—
	At 26th January 1985		4,371	2,133	81,540	88,044
19 Inflation	Profit retained to offset inflation relates to:				1985	1984
					£000	£000
	Depreciation of fixtures and fittings				4,000	3,900
	Stocks				2,500	2,200
	Debtors				1,800	1,100
					8,300	7,200
	Less creditors				(3,000)	(3,000)
					5,300	4,200
	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.					
20 Commitments	At 26th January 1985 the directors had authorised capital expenditure of £35,600,000 (£33,400,000) of which contracts had been placed for £10,600,000 (£14,500,000).					

Report of the auditors

We have audited the financial statements of John Lewis plc set out on pages 7 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements, 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 1985 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 to 1981.

The financial statements do not contain the current cost statements required by Statement of Standard Accounting Practice No. 16.

Price Waterhouse
Price Waterhouse
Chartered Accountants
London

18th April 1985

Retail Branches

Department stores

London

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

Southern England

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

Midlands, East Anglia, Northern England and Scotland

Jessop & Son, Nottingham
Robert Sayle, Cambridge
John Lewis, Peterborough
Bonds, Norwich
Cole Brothers, Sheffield
George Henry Lee, Liverpool
Bainbridge, Newcastle
John Lewis, Edinburgh

Waitrose supermarkets

London

Barnet	Chiswick	Kensington	Temple Fortune
Brent Cross	East Sheen	Kenton	Whetstone
Chelsea	Enfield	Swiss Cottage	

Southern England

Allington Park	Coulsdon	Havant	St Albans	Wokingham
Andover	Cowplain	Hayes	Slough	Woodley
Banstead	Crowborough	Henley	Southsea	
Beaconsfield	Dibden	Hertford	Stevenage	
Berkhamsted	Dorking	Horley	Tilehurst	
Birch Hill	Epsom	Leighton	Wallingford	
Brighton	Fleet	Buzzard	Wantage	
Bromley	Godalming	Lymington	Watford	
Caterham	Goldsworth	Marlborough	Westbourne	
Caversham	Park	Marlow	Westbury Park	
Chesham	Gosport	Milton Keynes	Weybridge	
Chichester	Green Street	Ramsgate	Windsor	
Cirencester	Green	Romsey	Winton	
Cobham	Harpenden	Sevenoaks	Witney	

Midlands

Blaby	Evington	Hall Green	Kingsthorpe
Daventry	Four Oaks	Kidderminster	Stourbridge

East Anglia

Huntingdon	Newmarket	Peterborough
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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.

Subsidiary companies as at 26th January 1985

Wholly owned subsidiaries of John Lewis plc

John Lewis Properties plc
Waitrose Limited
Cavendish Textiles Limited
Stead, McAlpin & Company Limited
Herbert Parkinson Limited
John Lewis Overseas Limited
Bonds (Norwich) Limited
John Lewis (Welwyn) Limited

Wholly owned subsidiary of John Lewis Properties plc

Cole Brothers 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 plc which is incorporated in England. All of these subsidiaries operate wholly or mainly in the United Kingdom and are registered in England.

The accounts of Waitrose Limited are audited by Kidsons. The share of group turnover and profit on ordinary activities before taxation attributable to Waitrose Limited is 46% (45%) and 31% (37%) respectively.

SIGNING
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John Lewis plc

Report and accounts 1985