238937

CONTENTS

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-fourth annual general meeting of the company will be held at 12.30 pm on Wednesday 23rd June 1993 at 171 Victoria Street, London SW1:

To receive the directors' report and accounts for the year 1992/93.

To consider the re-election of retiring directors.

To consider the re-appointment of the auditors.

To consider the remuneration of the auditors.

*By order of the Board B J Pritchard Secretary*
*171 Victoria Street, London SW1E 5NN*
*19th May 1993*

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

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **Secretary** | B J Pritchard ACIS |
| **Chief accountant** | T M Phillips BSc (Econ), FCA |
| **Auditors** | Price Waterhouse |
| **Solicitors** | Clifford Chance |
| **Bankers** | National Westminster Bank PLC |
| **Registered office and Transfer office** | 171 Victoria Street London SW1E 5NN |

**Registered in England No. 238937**

## BOARD OF DIRECTORS

**S Hampson** MA
Chairman and Chief Executive since 1993. Deputy Chairman from 1989-1993. Director of Research and Expansion 1986-1992. Member of the Board since 1986. Joined the Partnership 1982. Civil Service (Department of Trade) 1969-1982. Age 46.

**D E Young** BA
Deputy Chairman since 1993 and Finance Director from 1987 when he joined the Board. Previously Managing Director Peter Jones. Joined the Partnership 1982. Civil Service (Ministry of Defence) 1963-1982. Age 51.

**R Adlington** *
Department Manager John Lewis Edinburgh since 1977. Member of the Board 1989-1990 and since 1991. Joined the Partnership 1964. Age 50.

**I D Alexander** BA
Director of Personnel since 1992. Member of the Board since 1990. Previously Chief Registrar. Joined the Partnership 1987. Civil Service (Department of Health and Social Security) 1971-1987. Age 43.

**I R Bassett** *
Senior Systems Analyst since 1972. Member of the Board since 1973. Joined the Partnership 1968. Employed in banking 1961-1968. Age 55.

**D L Felwick**
Director of Trading (Food) since 1991, when he joined the Board. Previously Director of Selling (Waitrose). Joined the Partnership 1982. Royal Air Force 1962-1982. Age 48.

**S C May** MA
General Inspector since 1992. Previously Director of Personnel since 1978 when he joined the Board. Joined the Partnership 1961. Age 55.

**C L Mayhew** MSc
Director of Research and Expansion since 1993 when he joined the Board. Joined the Partnership 1992. Previous senior appointments with Thomas Cook Travel, British Airways and Shandwick. Age 39.

**B A O'Callaghan**
Director of Trading (Department Stores) since 1990 when he joined the Board. Previously Director of Selling (Department Stores). Joined the Partnership 1967. Bourne & Hollingsworth 1961-1967. Age 50.

**D S Ramsey** *
Operations Manager Waitrose since 1969. Member of the Board 1976-1987, 1989-1990 and since 1991. Joined the Partnership 1956. Age 53.

**A Slater** MA*
Chief Registrar since 1992 when he joined the Board. Previously Assistant Director of Trading (Department Stores). Joined the Partnership 1984. Civil Service (Ministry of Agriculture Fisheries and Food) 1973-1984. Age 40.

**D A Stevens** *
Partners' Counsellor since 1989. Previously Chief Registrar. Member of the Board since 1982. Joined the Partnership 1958. Age 53.

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

## SUMMARY OF RESULTS FOR THE YEAR ENDED 30TH JANUARY 1993

| **Turnover and profits** | *1993* | *1992* |
|---|---|---|
| | *£m* | *£m* |
| Turnover | *2,357.3* | *2,280.4* |
| Trading profit | *95.8* | *100.1* |
| Interest | *24.4* | *22.8* |
| Taxation | *9.0* | *8.3* |
| Preference dividends | *.2* | *.2* |
| Balance available for profit sharing and retention in the business | *62.2* | *68.8* |
| Partnership bonus | *28.2* | *30.2* |
| Retained in the business for development | *34.0* | *38.6* |
| Capital employed - Net assets employed at the year end | *781.3* | *747.3* |
| Numbers employed - Employees (weighted for part-timers) | *30,000* | *30,500* |
| Number of shops | | |
| Department stores | *22* | *22* |
| Supermarkets | *102* | *99* |

## FIVE YEAR RECORD

| | *Years ended January* | | | | |
|---|---|---|---|---|---|
| | *1993* | *1992* | *1991* | *1990* | *1989* |
| | *£m* | *£m* | *£m* | *£m* | *£m* |
| Turnover | *2,357.3* | *2,280.4* | *2,159.2* | *2,046.3* | *1,917.7* |
| Profit after payment of interest | *87.5* | *88.6* | *102.0* | *119.5* | *148.2* |
| Pension costs | *16.1* | *11.3* | *10.5* | *9.4* | *16.7* |
| Taxation | *9.0* | *8.3* | *12.6* | *21.0* | *26.5* |
| Dividends | *.2* | *.2* | *.2* | *.2* | *.2* |
| Net profit available for profit sharing and retention in the business | *62.2* | *68.8* | *78.7* | *88.9* | *104.8* |
| Partnership bonus | *28.2* | *30.2* | *36.6* | *41.3* | *47.4* |
| As a percentage of ranking pay | *8* | *9* | *12* | *17* | *22* |
| Retained in the business | *34.0* | *38.6* | *42.1* | *47.6* | *57.4* |
| Retained in the business - Extraordinary item | – | – | | *18.6* | |
| | *62.2* | *68.8* | *78.7* | *107.5* | *104.8* |
| Net assets employed | *781.3* | *747.3* | *707.6* | *662.2* | *593.5* |
| Pay | *338.4* | *323.6* | *298.7* | *266.6* | *238.8* |
| Number of employees | *39,300* | *40,200* | *39,800* | *38,800* | *37,900* |
| including part-time employees | *15,000* | *15,400* | *15,200* | *14,400* | *13,900* |

## STATEMENT BY THE CHAIRMAN

Mr Peter Lewis retired as Chairman of the John Lewis Partnership on 1st February after more than 20 years' service as Chairman and 34 years with the Partnership. He was the Partnership's third Chairman and only the fourth of the main trading business going right back to 1864 when John Lewis opened in Oxford Street. The Board owes him a great debt for his dedicated leadership over two decades of substantial growth in the Partnership's business.

1992 saw no respite in the harsh economic conditions that have prevailed for the best part of four years. Like all businesses finding difficulty in moving sales ahead, we have focused on holding down costs as tightly as possible but this effort, valiantly pursued at all levels, has not been enough to stem the fall in profits, and I highlight three reasons. First, some of our costs – and particularly those associated with property such as the Uniform Business Rate, service charges and supermarket rents have continued to rise despite the recession. I welcome the Government's decision to limit again the increase in business rates to the level of inflation. Secondly, our main variable cost is pay, and unlike many of our competitors we have chosen largely to rely on natural wastage to pare down numbers; the fall in the total of Partners over the year was less than 1%. This policy reflects the Partnership's unique ownership structure, where strain on the dividend – the distribution of Partnership Bonus to Partners can be a counterpoise to maintenance of employment. Our continued emphasis on full staffing of our selling floors, and the retention of experience within the business, means that we are well equipped to gain whatever sales there are to be had now and, more particularly, when the economic upturn begins to lift consumer expenditure. The third factor affecting profits this year - and it will follow through into next year is exceptional infrastructure costs. If the booms and troughs of the economic cycle were predictable, we should invest in infrastructure during boom times and enjoy the benefits of greater efficiency when trading is hard. The Partnership no more than the Treasury has no crystal ball for the economy. We are committed to significant spending on the introduction of scanning in Waitrose and improvements to Waitrose distribution arrangements. Both projects will make valuable contributions to Waitrose's efficiency in the years ahead, but we have to take on the chin their adverse effect on profits in the short term.

Against the background of these three factors weighing on our profitability, I have to report on the outstanding determination of Partners to do all they can to better our results. Our communication arrangements enable all Partners to know the score. The response at all levels gives confidence that the Partnership's competitive ability, in our department stores, Waitrose and production units, is undimmed by the rigours of this extensive recession.

Partnership sales last year reached £2,357 million, an increase of 3.4% on the year before. We did, however, enjoy the benefit last year of an additional week's trade, and adjusting for that knocks the best part of two points off the increase.

The department store division saw sales barely ahead in the first half year, enjoyed a flurry of activity in August and into September, which was then stopped in its tracks by the UK's exit from the Exchange Rate Mechanism and the circumstances surrounding that event. A good Christmas and final flourish secured a like for like return of 3.5% for the second half year and 2% for the year as a whole. Within that there was a revival from the wholesale and manufacturing units, where sales increased by 7%.

## STATEMENT BY THE CHAIRMAN *continued*

For Waitrose the pattern of the two half years was the reverse of that for the department stores. An increase of 3.5% in the first half was followed by a very difficult second half, with sales falling 1.5% below 1991, leaving the outcome for the year as a whole at an increase of just 1%. Recession no doubt played a part in this, but more potent impacts were the lack of movement in fresh food prices and the continuing intensity in competition. We cannot complain about competition, but feel every right to be angry when sales are taken from us by the open flouting of the law by others and doubly angry at the sight of a government prepared neither to go beyond token condemnation nor to act quickly to settle the issue of substance on Sunday trading.

Although it was pleasing that trading profit before pensions was just slightly higher than in 1991/2, higher pension and interest charges meant that pre-tax profits fell by 8% to £71.4 million.

Pension costs rose sharply by almost £5 million to £16.1 million, although it is noteworthy that they are still below the level of 1989. The rise in pension costs followed the outcome of the triennial actuarial valuation of the pension fund as at 31st March 1992. This showed that the fund had a past service surplus of £51 million; the previous valuation, when the surplus was £71 million, has been followed by a two-year contribution holiday. The normal contribution rate advised by the actuary has risen from 6.3% of the pay sheet to 7.2%. Almost half of that is accounted for by improvements to the scheme made in 1990, and the rest by demographic changes in the Partnership with, for example, a greater proportion of Partners being covered by the scheme. Although we shall extend the contribution holiday to 1993/94, the accounting treatment of pensions costs is designed to spread the benefit of the surplus over a number of years by showing a charge based on an adjusted contribution rate lower than the normal rate.

Capital expenditure was some £95 million, a little down on the previous year. Retained profit of £34 million and depreciation of £49 million were sufficient to meet most of this from internal cash flow; average net borrowings rose by £12 million to £238 million. Year-end gearing was 25%.

A flat property market, and delays in government decisions on planning appeals, have put a brake on activity on the department store development front in 1992. The extensive refurbishment work on John Lewis Oxford Street is now substantially complete, and reflects credit both on the designers and on all concerned with executing the work and keeping trade going during the disruption. We now have a green light for a new department store at Cheadle, south of Manchester, which will open in 1995. Waitrose opened five new supermarkets last year at Thame, Ely, Longfield, Chelmsford and Gillingham and Chichester was relocated to new premises; the total number of branches rose to 102. A further five new branches are planned for this year at Petersfield, Holloway Road (North London), Bishops Stortford, Bury St Edmunds and Stroud. A new warehouse was completed at Bracknell as part of the arrangements for the transition to regional composite distribution, which will gather pace this year. Another important development due to start this year is the roll-out of scanning, which will continue through 1994.

It is still too soon to be confident of recovery in the national economy, but sales in department stores after 11 weeks of the current year are 4% ahead of last year and we can take some modest encouragement from that. As mentioned earlier, we shall have to provide for some quite heavy one-off costs this year, particularly in Waitrose, and comparisons with 1992 will also suffer because of the extra week last year.

**S Hampson**
*Chairman*
*22nd April 1993*

## THE JOHN LEWIS PARTNERSHIP

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

The equity and control of John Lewis Partnership plc, and hence of the Partnership, are held in trust by John Lewis Partnership Trust Limited. One of the principal duties of the Trust Company under the terms of two irrevocable Settlements is to secure the appointment of directors to the board of John Lewis Partnership plc in accordance with the Partnership's Constitution. The Constitution requires the appointment to the board of the Chairman and Deputy Chairman of the Trust Company and of five other directors on the nomination of the Chairman together with five other directors nominated annually by the Central Council, which itself represents the Partnership's 34,000 members. The board of John Lewis Partnership plc thus constituted directs the Partnership's business on behalf of its members.

The Constitution also provides for the constant and effective involvement of employees (Partners) in the Partnership's affairs. There is full, prompt and regular information on all aspects through extensive weekly journalism, as well as wide ranging communication and exchange of opinion, written and oral, through councils, committees, journalism and immediate management.

Further information about the Partnership can be obtained on application to Information Services, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN. Telephone: 071-828 1000 extension 6222.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JANUARY 1993

### Directors

The directors of the company at the date of this report are listed on page 3.

Mr P T Lewis resigned as Chairman and as a director on 1st February 1993, on which day Mr S Hampson became Chairman and Mr D E Young was appointed Deputy Chairman. Mr J B Foster resigned as a director on 29th June 1992. Mr A Slater was appointed a director on 10th September 1992 and Mr C L Mayhew was appointed a director on 1st February 1993.

### Principal activity

The company controls, through John Lewis plc, the businesses listed on page 20, comprising 22 department stores, 102 Waitrose supermarkets and ancillary manufacturing activities.

### Purchase of shares

At an Extraordinary General Meeting held on 9th February 1984, the company was authorised to purchase up to £100,000 nominal of the 7½% Cumulative Preference Stock and up to £4,350,000 nominal of the 5% Cumulative Preference Stock. This authority has been renewed at subsequent meetings, the last of which was held on 11th February 1993.

The Board considers that these stocks have become a relatively inefficient form of fixed interest finance and that it would be advantageous to the company to acquire some of them.

### Borrowings

The group increased its long-term borrowings by issuing, through John Lewis plc, a 5-year £100 million Eurobond for financing future developments.

### Use of profits

Preference dividends absorbed £187,264 leaving £34,047,000 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.

### Directors' interests

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.

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.

### Charitable donations

The group donated £764,000 for charitable purposes during the year but made no political donations.

*For and by order of the Board B J Pritchard Secretary*
*22nd April 1993*

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JANUARY 1993

| Notes | | 1993 £m | 1992 £m |
|---|---|---|---|
| 2 | **Turnover** | 2,357.3 | 2,280.4 |
| | Value added tax | 226.9 | 213.7 |
| | | 2,130.4 | 2,066.7 |
| | Cost of sales | 1,493.4 | 1,437.3 |
| | **Gross profit** | 637.0 | 629.4 |
| | Selling and distribution costs | 465.4 | 458.6 |
| | Administrative costs | 59.7 | 59.4 |
| 3 | Pension costs | 16.1 | 11.3 |
| | **Trading Profit** | 95.8 | 100.1 |
| 4 | Interest | 24.4 | 22.8 |
| | **Profit before Partnership bonus and taxation** | 71.4 | 77.3 |
| | Partnership bonus | 28.2 | 30.2 |
| 5 | **Profit on ordinary activities before taxation** | 43.2 | 47.1 |
| 6 | Tax on profit on ordinary activities | 9.0 | 8.3 |
| 7 | **Profit after taxation for the financial year** | 34.2 | 38.8 |
| 8 | Dividends | .2 | .2 |
| 16 | **Profit retained** | 34.0 | 38.6 |

## CONSOLIDATED BALANCE SHEET AS AT 30TH JANUARY 1993

| Notes | | 1993 £m | 1992 £m |
|---|---|---|---|
| | **Fixed Assets** | | |
| 11 | Tangible assets | | |
| | | 905.9 | 861.7 |
| | **Current assets** | | |
| 12 | Stocks | | |
| 13 | Debtors | 182.2 | 174.7 |
| | Investments - short term deposits | 176.1 | 173.6 |
| | Cash at bank and in hand | .6 | .4 |
| | | 32.9 | 12.5 |
| | | 391.8 | 361.2 |
| | **Creditors** | | |
| 14 | Amounts falling due within one year | | |
| | | 265.3 | 319.5 |
| | **Net current assets** | | |
| | | 126.5 | 41.7 |
| | **Total assets less current liabilities** | | |
| | | 1,032.4 | 903.4 |
| | **Creditors** | | |
| 14 | Amounts falling due after more than one year | | |
| | | 251.1 | 156.1 |
| | **Net assets** | | |
| | | 781.3 | 747.3 |
| | **Capital and reserves** | | |
| 15 | Called up share capital | | |
| | Minority interest in subsidiary | 5.8 | 5.8 |
| 16 | Revaluation reserve | .5 | .5 |
| 16 | Other reserves | 154.6 | 156.2 |
| 16 | Profit and loss account - accumulated profit | 5.4 | 5.4 |
| | | 615.0 | 579.4 |
| | **Total capital employed** | | |
| | | 781.3 | 747.3 |

*Approved by the Board on 22nd April 1993*
*S Hampson*

# BALANCE SHEET AS AT 30TH JANUARY 1993

| Notes | | 1993 £m | 1992 £m |
|---|---|---|---|
| | **Fixed Assets** | | |
| 17 | Investments | 14.9 | 14.9 |
| | **Current assets and liabilities** | | |
| | Debtors | .1 | .1 |
| | Creditors | .2 | .3 |
| | **Net current liabilities** | .1 | .2 |
| | **Net assets** | 14.8 | 14.7 |
| | **Capital and reserves** | | |
| 15 | Called up share capital | 5.8 | 5.8 |
| 16 | Other reserves | 4.0 | 4.0 |
| 16 | Profit and loss account - accumulated profit | 5.0 | 4.9 |
| | **Total capital employed** | 14.8 | 14.7 |

*Approved by the Board on 22nd April 1993*
*S Hampson*

S Hampson

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JANUARY 1993

| | 1993 £m | 1992 £m |
|---|---|---|
| **Net cash inflow from operating activities** | 102.3 | 120.0 |
| **Returns on investments and servicing of finance** | | |
| Interest received | 1.8 | 1.4 |
| Interest paid | (25.7) | (24.5) |
| Dividends paid | (.2) | (.2) |
| **Net cash outflow from returns on investments and servicing of finance** | (24.1) | (23.3) |
| **Corporation tax paid** | (14.5) | (15.7) |
| **Investing activities** | | |
| Purchases of tangible fixed assets | (94.6) | (108.2) |
| Sales of tangible fixed assets | 1.8 | 5.2 |
| **Net cash outflow from investing activities** | (92.8) | (103.0) |
| **Net cash outflow before financing** | (29.1) | (22.0) |
| **Financing** | | |
| Issue of $10^3/_8$% Bonds 1998 (including premium) | 101.6 | |
| Expenses of issue | (1.9) | |
| **Net cash inflow from financing** | 99.7 | – |
| **Increase in cash and cash equivalents** | 70.6 | (22.0) |

**Notes to the Cash Flow Statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

| | 1993 £m | 1992 £m |
|---|---|---|
| Trading profit | 95.8 | 100.1 |
| Depreciation charged | 48.6 | 43.9 |
| Decrease in debtors | 3.2 | (2.2) |
| Decrease in creditors | (23.7) | 1.7 |
| Increase in pension fund accrual | 16.1 | 11.3 |
| Increase in stocks | (7.5) | 1.7 |
| Partnership bonus paid for previous year | (30.2) | (36.5) |
| Cash flow from operating activities | 102.3 | 120.0 |

**Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

| | 1993 £m | Change in year £m | 1992 £m |
|---|---|---|---|
| Cash at bank and in hand | 32.9 | 20.4 | 12.5 |
| Investments - short term deposits | .6 | .2 | .4 |
| Loans and bank overdrafts | – | 50.0 | (50.0) |
| | 33.5 | 70.6 | (37.1) |

**Analysis of changes in financing**

| | Share Capital £m | Bonds and Debenture Loans £m |
|---|---|---|
| At 25th January 1992 | 5.8 | 156.1 |
| Issue of $10^3/_8$% Bonds 1998 (excluding premium) | – | 100.0 |
| At 30th January 1993 | 5.8 | 256.1 |

# NOTES ON THE ACCOUNTS

## 1 Accounting policies

The consolidated profit and loss account and balance sheet include the accounts of the company and all its subsidiary undertakings and have been prepared in accordance with applicable accounting standards.

Turnover is the amount receivable by the group for goods and services supplied to customers.

Stock is stated at the lower of cost, which is generally computed on the basis of selling price less the appropriate trading margin, or net realisable value.

The cost of providing retirement benefits is recognised in the profit and loss account so as to spread it over employees' working lives. The contributions are assessed in accordance with the advice of a qualified actuary. Any funding surpluses or deficits are amortised over the average remaining employee service life.

The accounts are prepared under the historical cost convention with the exception of certain land and buildings which are included at valuations made in 1988. The valuations were made on the basis that each property was regarded as available for existing use in the open market. Recent additions are carried at cost until they reach full trading potential. The surplus arising on the revaluation of properties is credited to revaluation reserve.

No depreciation is charged on freehold and long (over 100 years) leasehold land. Depreciation is calculated for all other assets in equal annual instalments at the following rates:

Freehold and long leasehold buildings - 1% to 4%

Other leaseholds over the remaining period of the lease

Fixtures and fittings 10% to 33%

Leased assets are all held under operating leases and the annual rentals are charged to the profit and loss account.

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

Goodwill arising on the aquisition of subsidiaries is written off to reserves at the time of acquisition.

## 2 Analysis of turnover and profit

The Partnership is principally engaged in the business of retailing in department stores and supermarkets, and also operates some ancillary manufacturing and farming activities. The business is carried on in the United Kingdom and the turnover derives mainly from that source.

## 3 Pension Fund

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

The fund was last valued by consulting actuaries as at 31st March 1992, using the projected unit method. The assumption which has the most significant effect on the results of the valuation is the relative rate of return on the investments of the fund compared with increases in pay and pensions. It was assumed for this purpose that, on average, the annual return on investments would exceed increases in pay and pensions by 2.5% and 5% respectively. The market value of the assets of the fund as at 31st March 1992 was £352m. The valuation showed that the assets were sufficient to cover 114% of the benefits which had accrued to members. On the recommendation of the actuaries no company contributions will be made to the scheme until April 1994.

The actuaries have recommended a normal future contribution rate of 7.2% of total pay.

For a number of years the charge will be reduced to take into account the past-service surplus. The pension charge for the year, calculated according to the provisions of SSAP 24, was equivalent to 4.8% (3.5%) of total pay and amounted to £16.1m (£11.3m), including notional interest of £1.2m on the pension charge accrued in the consolidated balance sheet.

## NOTES ON THE ACCOUNTS *continued*

### 4 Interest

| | 1993 £m | 1992 £m |
|---|---|---|
| Interest payable: | | |
| On bank loans, overdrafts and other loans repayable within 5 years | 2.8 | 8.6 |
| On all other loans | 23.5 | 15.6 |
| Interest receivable | (1.9) | (1.4) |
| | 24.4 | 22.8 |

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

| | 1993 £m | 1992 £m |
|---|---|---|
| Staff costs: | | |
| Pay | 338.4 | 323.6 |
| Social security costs | 30.7 | 30.1 |
| Partnership bonus | 25.3 | 27.2 |
| Employer's national insurance on Partnership bonus | 2.9 | 3.0 |
| Other pension costs | 16.1 | 11.3 |
| Depreciation | 48.6 | 43.9 |
| Auditors' remuneration | .5 | .4 |
| Operating lease rental of land and buildings | 30.6 | 28.9 |

### 6 Tax on profit on ordinary activities

| | 1993 £m | 1992 £m |
|---|---|---|
| Corporation tax based on the profit for the year | 16.5 | 15.3 |
| Corporation tax - previous years | (2.2) | (3.3) |
| Deferred tax | (5.3) | (3.7) |
| | 9.0 | 8.3 |

The tax charge is based on a corporation tax rate of 33% (33%) and has been reduced by £6.0m (£11.2m) as a result of capital allowances in excess of depreciation.

Total taxation deferred and unprovided in respect of capital allowances in excess of depreciation amounts to £71.1m (£65.1m) based on corporation tax at 33%.

No liability to taxation on capital gains would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

### 7 Profit for the financial year

| | 1993 £m | 1992 £m |
|---|---|---|
| Dealt with in the accounts of: | | |
| John Lewis Partnership plc | .3 | .5 |
| Subsidiaries | 33.9 | 38.3 |
| | 34.2 | 38.8 |

As permitted by Section 230 of the Companies Act 1985, John Lewis Partnership plc has not presented its own profit and loss account.

## NOTES ON THE ACCOUNTS *continued*

| 8 Dividends | 1993 £m | 1992 £m |
|---|---|---|
| 7½% (now 5¼% plus tax credit) Cumulative Preference Stock and 5% (now 3½% plus tax credit) Cumulative Preference Stock | .2 | .2 |

### 9 Directors' emoluments

| | £000 | £000 |
|---|---|---|
| Directors' remuneration including pension fund contributions and Partnership bonus of 8% (9%) was as follows: | | |
| Remuneration as managers | 1,735 | 1,658 |
| Pensions to past directors | 4 | 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:

| | 1993 | 1992 | | 1993 | 1992 |
|---|---|---|---|---|---|
| *Chairman* | £269,491 | £266,663 | | | |
| *Other directors:* | | | | | |
| *Under £5,000* | - | 1 | £140,001 - £145,000 | | 1 |
| £15,001 - £20,000 | - | 1 | £150,001 - £155,000 | | 2 |
| £25,001 - £30,000 | 2 | 1 | £155,001 - £160,000 | 1 | 1 |
| £30,001 - £35,000 | - | 1 | £170,001 - £175,000 | 1 | |
| £35,001 - £40,000 | - | 1 | £175,001 - £180,000 | 1 | |
| £40,001 - £45,000 | 1 | - | £185,001 - £190,000 | 1 | |
| £45,001 - £50,000 | 1 | - | £190,001 - £195,000 | - | 1 |
| £80,001 - £85,000 | 1 | 1 | £195,001 - £200,000 | - | 1 |
| £95,001 - £100,000 | 1 | 1 | £210,001 - £215,000 | 1 | |
| £105,001 - £110,000 | 1 | - | | | |

### 10 Employees

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

| | | |
|---|---|---|
| Department stores | 20,800 | 21,400 |
| Supermarkets | 17,200 | 17,500 |
| Other | 1,300 | 1,300 |
| | 39,300 | 40,200 |

NOTES ON THE ACCOUNTS *continued*

## 11 Tangible assets

| | *Land and buildings £m* | *Fixtures and fittings £m* | *Payments on account and assets in course of construction £m* | *Total £m* |
|---|---|---|---|---|
| Cost or valuation | | | | |
| At 25th January 1992 | 692.9 | 321.3 | 46.4 | 1,060.6 |
| Additions at cost | 21.2 | 40.7 | 32.7 | 94.6 |
| Transfers | 36.3 | 2.8 | (39.1) | – |
| Disposals | (.8) | (6.5) | – | (7.3) |
| At 30th January 1993 | 749.6 | 358.3 | 40.0 | 1,147.9 |
| At cost | 465.6 | 358.3 | 40.0 | 863.9 |
| At valuation 1988 | 284.0 | – | – | 284.0 |
| | 749.6 | 358.3 | 40.0 | 1,147.9 |
| Depreciation | | | | |
| At 25th January 1992 | 52.8 | 146.1 | – | 198.9 |
| Charges for the year | 12.8 | 35.8 | – | 48.6 |
| On disposals | (.2) | (5.3) | – | (5.5) |
| At 30th January 1993 | 65.4 | 176.6 | – | 242.0 |
| Net book values at 25th January 1992 | 640.1 | 175.2 | 46.4 | 861.7 |
| Net book values at 30th January 1993 | 684.2 | 181.7 | 40.0 | 905.9 |

| | *1993* | *1992* |
|---|---|---|
| Land and buildings at cost or valuation: | *£m* | *£m* |
| Freehold property | 395.8 | 356.2 |
| Leasehold property, 50 years or more unexpired | 290.3 | 276.7 |
| Leasehold property, less than 50 years unexpired | 63.5 | 60.0 |
| | 749.6 | 692.9 |

Included in land and buildings at 30th January 1993 is land valued at £144m, which is not subject to depreciation. If they had not been revalued, land and buildings at 30th January 1993 would have been included at the following amounts:

| | | |
|---|---|---|
| Cost | 602.1 | 545.6 |
| Accumulated depreciation | 72.5 | 61.7 |
| | 529.6 | 483.9 |

## NOTES ON THE ACCOUNTS *continued*

| **12 Stocks** | *1993* | *1992* |
|---|---|---|
| | *£m* | *£m* |
| Raw materials and work-in-progress | *8.9* | *9.2* |
| Finished goods | *173.3* | *165.5* |
| | *182.2* | *174.7* |

| **13 Debtors** | | |
|---|---|---|
| Amounts falling due within one year: | | |
| Trade debtors | *116.1* | *121.9* |
| Other debtors | *7.9* | *8.9* |
| Deferred tax | *1.3* | *1.3* |
| Prepayments and accrued income | *13.3* | *10.9* |
| | *138.6* | *143.0* |
| Amounts falling due after more than one year: | | |
| Trade debtors | *28.1* | *26.5* |
| Deferred tax | *9.4* | *4.1* |
| | *176.1* | *173.6* |

| **14 Creditors** | | |
|---|---|---|
| Amounts falling due within one year: | | |
| Debenture loans (secured) | *5.0* | |
| Loans and bank overdraft | | *50.0* |
| Trade creditors | *102.2* | *126.2* |
| Other creditors | *10.4* | *12.1* |
| Corporation tax | *15.9* | *16.1* |
| Other taxation and social security | *55.9* | *55.0* |
| Pension fund accrual | *28.7* | *12.6* |
| Accruals and deferred income | *22.0* | *20.4* |
| Partnership bonus | *25.2* | *27.1* |
| | *265.3* | *319.5* |
| Amounts falling due after more than one year: | | |
| Due by instalments after 5 years | | |
| – Debenture loans (secured) | *1.1* | *1.1* |
| Due other than by instalments after 5 years | | |
| – Debenture loans (secured) | | *5.0* |
| – $10\frac{3}{8}$% Bonds, 1998 | *100.0* | |
| – $10\frac{1}{4}$% Bonds, 2006 | *50.0* | *50.0* |
| – $10\frac{1}{2}$% Bonds, 2014 | *100.0* | *100.0* |
| | *251.1* | *156.1* |
| Total of instalment payments due after 5 years | *1.1* | *1.1* |
| Debentures (secured on land and buildings) John Lewis Properties plc | | |
| $9\frac{1}{4}$% Mortgage Debenture Stock, 1992/97 (redeemed 31 March 1993) | *5.0* | *5.0* |
| $8\frac{1}{4}$% Mortgage Debenture Stock, 1993/98 | *1.1* | *1.1* |
| | *6.1* | *6.1* |

NOTES ON THE ACCOUNTS *continued*

**15 Share capital**

| | 1993 £m Authorised | 1993 £m Issued and fully paid | 1992 £m Authorised | 1992 £m Issued and fully paid |
|---|---|---|---|---|
| Deferred Ordinary Shares held by John Lewis Partnership Trust Limited | .6 | .6 | .6 | .6 |
| Fixed interest Cumulative Preference Stock held by the public: | | | | |
| 7½% (now 5¼% plus tax credit) | .6 | .5 | .6 | .5 |
| 5% (now 3½% plus tax credit) | 8.8 | 4.7 | 8.8 | 4.7 |
| | 10.0 | 5.8 | 10.0 | 5.8 |

**16 Reserves**

Consolidated

| | Profit and loss account £m | Other reserves: Capital £m | Other reserves: Capital redemption £m | Revaluation reserve £m | Total reserves £m |
|---|---|---|---|---|---|
| At 25th January 1992 | 579.4 | 1.4 | 4.0 | 156.2 | 741.0 |
| Profit retained | 34.0 | – | – | – | 34.0 |
| Transfers | 1.6 | – | – | (1.6) | – |
| At 30th January 1993 | 615.0 | 1.4 | 4.0 | 154.6 | 775.0 |

The cumulative amount of goodwill written off to reserves is £10.8m (£10.8m)

Company

| | Profit and loss account £m | Capital redemption reserve £m | Total reserves £m |
|---|---|---|---|
| At 25th January 1992 | 4.9 | 4.0 | 8.9 |
| Profit retained | .1 | – | .1 |
| At 30th January 1993 | 5.0 | 4.0 | 9.0 |

**17 Investments**

| | Subsidiary: Shares in John Lewis plc £m | Subsidiary: Loan to John Lewis plc £m | Other: Shares in John Lewis Partnership Trust Limited £m | Total £m |
|---|---|---|---|---|
| At 25th January 1992 | 13.0 | 1.8 | .1 | 14.9 |
| Movements | – | (.2) | – | (.2) |
| Dividend receivable | – | .2 | – | .2 |
| At 30th January 1993 | 13.0 | 1.8 | .1 | 14.9 |

## NOTES ON THE ACCOUNTS *continued*

### 18 Commitments

At 30th January 1993, the directors had authorised capital expenditure of £104.1m (£139.1m) of which contracts had been placed for £10.1m (£16.4m).

### 19 Lease commitments

| | *1993* | *1992* |
|---|---|---|
| | *£m* | *£m* |
| Rentals of land and buildings for the next financial year on leases expiring: | | |
| Within 1 year | *.2* | *.1* |
| Between 1 and 5 years | *.4* | *.5* |
| Over 5 years | *30.6* | *30.1* |

### 20 Subsidiary undertakings

Subsidiary companies as at 30th January 1993 were as follows:

**John Lewis plc**

- Ordinary shares - 100%
- 5% First Cumulative Preference Stock - 81%
- 7% Cumulative Preference Stock - 75.6%

**Subsidiaries of John Lewis plc:**

- John Lewis Properties plc
- Waitrose Limited
- Cavendish Textiles Limited
- Stead, McAlpin & Company, Limited
- Herbert Parkinson Limited
- J.H.Birtwistle & Company Limited
- John Lewis Overseas Limited
- John Lewis Building Limited
- John Lewis Construction Limited
- Leckford Estate Limited
- Leckford Mushrooms Limited

The whole of the ordinary share capital is held within the group. The list excludes non-trading companies which have no material effect on the accounts of the group. All of these subsidiaries operate wholly or mainly in the United Kingdom and are registered in England.

## REPORT OF THE AUDITORS

We have audited the financial statements of John Lewis Partnership plc set out on pages 9 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th January 1993 and of the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

*Price Waterhouse*
*Chartered Accountants and Registered Auditor*
*London 22nd April 1993*

# RETAIL BRANCHES

## Department Stores

*London*
John Lewis, Oxford Street
John Lewis, Brent Cross
Peter Jones, Sloane Square

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

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

## Waitrose Supermarkets

*London*

| | | | | | |
|---|---|---|---|---|---|
| Barnet | Chelsea | Enfield | Kenton | Temple Fortune | Whetstone |
| Brent Cross | East Sheen | Harrow Weald | Swiss Cottage | West Ealing | |

*Southern England*

| | | | | | |
|---|---|---|---|---|---|
| Allington Park | Chelmsford | Fleet | Horsham | Richmond | Wallingford |
| Andover | Chesham | Gillingham | Kingston | Ringwood | Wantage |
| Banstead | Chichester | Green Street | Leighton | Romsey | Welwyn Garden |
| Bath | Cirencester | Green | Buzzard | Ruislip | City |
| Beaconsfield | Cobham | Godalming | Longfield | Sevenoaks | Westbourne |
| Berkhamsted | Coulsdon | Goldsworth Park | Lymington | St Albans | Westbury Park |
| Birch Hill | Cowplain | Gosport | Maidenhead | Slough | West Byfleet |
| Brighton | Crowborough | Harpenden | Marlborough | Southsea | Weybridge |
| Bromley | Dibden | Havant | Marlow | Stevenage | Windsor |
| Buckhurst Hill | Dorchester | Hayes | Milton Keynes | Sunningdale | Winton |
| Burgess Hill | Dorking | Henley | New Malden | Tenterden | Witney |
| Caterham | Epsom | Hertford | Northwood | Thame | Wokingham |
| Caversham | Esher | Horley | Ramsgate | Tilehurst | Woodley |
| | | | | | Yateley |

*Midlands and East Anglia*

| | | | | |
|---|---|---|---|---|
| Blaby | Evington | Huntingdon | Newmarket | St Ives |
| Daventry | Four Oaks | Kidderminster | Peterborough | St Neots |
| Ely | Hall Green | Kingsthorpe | Saffron Walden | Stourbridge |

***In addition to the shops listed above, the Partnership has businesses engaged in manufacturing and farming***

Stead McAlpin, Carlisle *(Textile Printing)*
J H Birtwistle, Haslingden *(Spinning and weaving)*
Herbert Parkinson, Darwen *(Weaving and making up)*
Taylor & Penton, Weybridge *(Fitted kitchen furniture and bedding)*
Leckford Estate, Stockbridge *(Farming)*