

# JOHN LEWIS PROPERTIES PLC

Company number: 00303301

Annual Report and Financial Statements for the 52 week period ended 28 January 2023

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## **JOHN LEWIS PROPERTIES PLC**

Company number: 00303301

### **Company information**

Company number: 00303301

Directors: Sharon White  
Bérangère Michel  
Christopher Harris

Company Secretary: Jane Cheong Tung Sing

Registered office: 171 Victoria Street, London, SW1E 5NN

Independent auditor: KPMG LLP  
15 Canada Square  
London  
E14 5GL

# JOHN LEWIS PROPERTIES PLC

## Strategic report for the 52 week period ended 28 January 2023

### Review of the business and future developments

John Lewis Properties plc ('the Company') primarily acts as a property holding company for John Lewis Partnership plc together with its subsidiaries ('the Partnership') and owns a number of the properties occupied by the Partnership. Most of its rental income derives from tenancy agreements with other Partnership companies. The Directors expect the activities, as detailed, to continue for the foreseeable future.

The Company's revenue, at £30.2m, was £0.6m lower than last year. The Company's revenue is rental income.

Profit before tax increased by £22.0m to a profit of £7.0m (2022: £15.0m loss). In 2022, impairment charges were higher and there was a £9.1m loss on disposal of a property.

Net assets increased to £994.0m (2022: £983.3m), primarily due to the current year profits. The fair value of investment property is estimated to be £806.3m, up 3.8% from £776.9m at 29 January 2022.

Given the nature of the Company's activities, the Company's Directors believe that specific KPIs are not necessary or appropriate for an understanding of the Company's development, performance, or the position of its business.

### John Lewis Properties plc guarantee

In January 2017 John Lewis Properties plc entered into a corporate guarantee in favour of John Lewis Partnership Pensions Trust with regards to pension obligations due to the Pensions Trust from John Lewis plc.

The effect of the 2017 guarantee is that, in the event John Lewis plc fails to make any payments due to the scheme for any reason, then the pension scheme can claim against John Lewis Properties plc for those payments.

Associated with the 2017 guarantee, which was amended in May 2020 as part of the 2019 triennial valuation, John Lewis Properties plc entered into a Deed of Undertaking with John Lewis Partnership Trust for Pensions which sets out a number of undertakings which John Lewis Properties plc must comply with during the term of the Deed to 31 March 2037. The principal undertaking is that John Lewis Properties plc must maintain a minimum adjusted net asset value of at least £800m, or £760m if the adjusted net asset value falls below £800m as a result of a reduction in the valuation of properties, until January 2027, after which point the required minimum net asset value falls by £50m annually.

As at 28 January 2023, John Lewis Properties plc adjusted net asset value increased to £767.8m (2022: £735.2m). The increase in net asset value was driven by an increase in the valuation of properties. The adjusted net asset value is determined using the market value of the properties less certain liabilities.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are in line with John Lewis Partnership plc. The risks that are most relevant to John Lewis Properties plc are: Insufficient profit to achieve our Purpose and Strategic resilience. In addition, the risk of a fall in freehold estate valuation is a specific risk for the Company.

Details of key mitigations to the Partnership's principal risks and uncertainties are presented on pages 42 to 50 of the Partnership's Annual Report and Accounts 2023. The Company manages the specific risk of a fall in freehold estate values through regular reviews of the Partnership's physical estate, the property market more broadly, and property-related requirements in the Partnership's strategic plan. This is supported by a dedicated team of real estate professionals in the Partnership as well as independent expert advice.

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

## JOHN LEWIS PROPERTIES PLC

The Partnership's financial risks relevant to John Lewis Properties plc include liquidity risk, foreign currency risk, credit risk and energy risk. Details of the risk management policies in respect of these financial risks are included in note 7 of the Partnership's Annual Report and Accounts 2023.

### **Section 172(1) Statement and Statement on engagement with suppliers, customers and others**

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

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

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

#### *Decision making at the Board*

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

#### *Long-term sustainability*

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

#### *Key stakeholders and community and environmental impact*

When it is carrying forward that aim, the Board keeps in mind the impact the Company has on different stakeholder groups. It is not possible to have a financially healthy business, and thus a return for Partners as the beneficiaries of the Trust that holds the Partnership, on a sustainable basis if this is at the expense of other stakeholders. Our direct customers are other companies in the Partnership but, like them, we are focused on responding to the needs of, and building long-term relationships with, retail customers. Other key stakeholders are other landholders with whom we transact, and the communities in which we operate.

#### *Partners*

Information on the engagement methods in the Partnership, which are used by the Company's Directors, are in the Partnership's Annual Report and Accounts 2023.

#### *Customers*

The Partnership's customer research team monitors the voice of our customers, seeking to understand how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face to face research, customer feedback to Partners and contact centres and external data sources. Regular customer reports are produced for management and are regularly shared with Directors, and provide insight into the future property needs of Partnership companies.

## JOHN LEWIS PROPERTIES PLC

### *Producers and suppliers*

We work closely with other landholders, developers, and a range of legal and professional service providers. The Company has taken measures to prevent modern slavery and human trafficking in its business and supply chains. Further information is available at [www.johnlewispartnership.co.uk/csr](http://www.johnlewispartnership.co.uk/csr).

### *Financial stakeholders*

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

### *Environmental impact*

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

The Partnership Board monitors environmental impact via the Partnership's Ethics and Sustainability Committee, including responding to the environmental challenges faced by today's society and those which may impact our business operations.

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

### *Business conduct*

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

### *Acting fairly as between the Company's members*

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

Approved by the Directors and signed on behalf of the Board



Bérange Michel  
Director  
24 May 2023

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## JOHN LEWIS PROPERTIES PLC

### Directors' report for the 52 week period ended 28 January 2023

The Directors present their report and the audited financial statements for the 52 week period ended 28 January 2023.

#### Principal activity

John Lewis Properties plc is incorporated and registered in England and Wales. The Company is primarily a property owning Company and is a wholly owned subsidiary of John Lewis plc, within the Partnership.

There are no plans to change the business activities of the Company.

#### Directors

The Directors of the Company who served during the year and at the date of the signing of this report are:

Sharon White (Chairman)  
Bérangère Michel  
Christopher Harris

#### Results and dividends

The Company's profit before taxation for the 52 week period ended 28 January 2023 is £7.0m (2022: £15.0m loss). The share capital of the Company is wholly owned by John Lewis plc. The Directors do not recommend the payment of a dividend (2022: £nil).

#### Directors' responsibilities

The Statement of Directors' responsibilities in relation to the financial statements is set out on page 24.

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

#### Going concern

The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts. Consequently, the Directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## JOHN LEWIS PROPERTIES PLC

### Matters covered in the Strategic report

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

- Statements on engagement with employees, suppliers, customers and others - pages 4 to 5;
- Risk management - page 3;
- Future business developments - page 3.

### Directors' and Officers' liability insurance and indemnities

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

### Independent auditor

The auditor, KPMG LLP, has indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed to the Annual General Meeting, together with a resolution to authorise the Directors to determine the auditor's remuneration.

### Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this report confirms that:

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

Approved by the Directors and signed on behalf of the Board



Bérange Michel  
Director  
24 May 2023

## JOHN LEWIS PROPERTIES PLC

### Statement of comprehensive income for the 52 week period ended 28 January 2023

<i>Notes</i>	2023 £m	2022 £m
<b>Revenue</b>		
Rental income	30.2	30.8
Rental expense	(0.5)	(0.5)
Other operating income	8.4	7.6
Administrative expenses	(28.2)	(40.9)
3 Loss on disposal of properties	(0.1)	(9.1)
4 <b>Operating profit/(loss)</b>	9.8	(12.1)
5 Finance costs	(2.8)	(2.9)
<b>Profit/(loss) before tax</b>	7.0	(15.0)
6 Taxation	3.7	(15.0)
<b>Profit/(loss) for the financial year</b>	10.7	(30.0)

The accompanying notes are an integral part of these financial statements.



# JOHN LEWIS PROPERTIES PLC

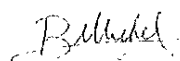
## Balance sheet as at 28 January 2023

Notes		2023 £m	2022 £m
	<b>Non-current assets</b>		
7	Investment properties	580.3	566.5
8	Right-of-use-assets	24.7	30.7
9	Investment in JLP Scottish Partnership	72.6	72.6
10	Trade and other receivables	1.2	1.2
		<b>678.8</b>	<b>671.0</b>
	<b>Current assets</b>		
10	Trade and other receivables	0.3	0.2
	Amounts due from fellow group undertakings, repayable on demand	431.1	436.0
		<b>431.4</b>	<b>436.2</b>
	<b>Total assets</b>	<b>1,110.2</b>	<b>1,107.2</b>
	<b>Current liabilities</b>		
11	Trade and other payables	(0.1)	(0.2)
	Current tax payable	-	(2.3)
12	Lease liabilities	(1.3)	(1.2)
		<b>(1.4)</b>	<b>(3.7)</b>
	<b>Non-current liabilities</b>		
12	Lease liabilities	(46.8)	(47.7)
6	Deferred tax liability	(68.0)	(72.5)
		<b>(114.8)</b>	<b>(120.2)</b>
	<b>Total liabilities</b>	<b>(116.2)</b>	<b>(123.9)</b>
	<b>Net assets</b>	<b>994.0</b>	<b>983.3</b>
	<b>Equity</b>		
13	Share capital	25.7	25.7
	Share premium account	1.2	1.2
	Retained earnings	967.1	956.4
	<b>Total equity</b>	<b>994.0</b>	<b>983.3</b>

The accompanying notes are an integral part of these financial statements.

Registered Company number: 00303301

The financial statements on pages 8 to 23 were approved by the Board of Directors on 22 May 2023 and signed on their behalf by:



Bérange Michel  
Director  
24 May 2023

## JOHN LEWIS PROPERTIES PLC

### Statement of changes in equity for the 52 week period ended 28 January 2023

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance as at 30 January 2021	25.7	1.2	986.4	1,013.3
Loss for the year	-	-	(30.0)	(30.0)
<b>Balance as at 29 January 2022</b>	<b>25.7</b>	<b>1.2</b>	<b>956.4</b>	<b>983.3</b>
Profit for the year	-	-	10.7	10.7
<b>Balance as at 28 January 2023</b>	<b>25.7</b>	<b>1.2</b>	<b>967.1</b>	<b>994.0</b>

The accompanying notes are an integral part of these financial statements.

# JOHN LEWIS PROPERTIES PLC

## Notes to the financial statements

### 1. General information

The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The Company's registered number is 00303301. The address of the registered office is 171 Victoria Street, London SW1E 5NN.

John Lewis Properties plc primarily acts as a property holding company for John Lewis Partnership plc and owns a number of the properties occupied by the Partnership. Most of its rental income derives from tenancy agreements with other Partnership companies.

### 2. Accounting policies

#### Accounting convention and basis of preparation

The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS). The Company is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement;
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets; and
- The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in the respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 Property, Plant and Equipment.

The Company is an intermediate parent company and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006.

The financial year is the 52 weeks ended 28 January 2023 (prior year: 52 weeks ended 29 January 2022).

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 2. Accounting policies (continued)

##### Going concern

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

The Company is part of a wider group ('the Group'), of which John Lewis plc is the parent company, and the Company's ability to operate as a going concern is directly linked to the Group's position. The Board of John Lewis plc undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period not less than 12 months from the date of signing the Group accounts. A further assessment was made to cover the period of at least 12 months from the date that the Company's accounts are signed. The assessment included a base forecast and a severe downside case which represents an increasingly severe but plausible scenario. The impact of the downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these occur, mitigating actions would be required to ensure that the Group remains liquid and financially viable. The downside modelled has a significant adverse impact on sales, margin, costs and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the downside scenario materialising. This assessment was made available to the Directors of the Company who have considered it in their assessment.

As at 28 January 2023, the Company had total assets less current liabilities of £1.1bn and net assets of £1.0bn. The Directors expect that the Company will continue to generate sufficient inter-Group rental income to cover its expenses. Rental income is dependent on the liquidity of the Partnership as a whole, which as at 28 January 2023 was £1.5bn, made up of cash and cash equivalents, short term investments and undrawn committed credit facilities of £420m.

Consequently, the Directors of the Company have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### Amendments to accounting standards

The following standards, amendments and interpretations were applicable for the period beginning 30 January 2022, were adopted by the Company for the year ended 28 January 2023, and have not had a significant impact on the Company's profit for the year, equity or disclosures:

- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use (applicable for the period beginning 30 January 2022);
- Amendments to IFRS 3: Business Combinations - updated references (applicable for the period beginning 30 January 2022);
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (applicable for the period beginning 30 January 2022);
- Annual improvements cycle to IFRS 2018-2020.

# JOHN LEWIS PROPERTIES PLC

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### Property valuation

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

#### Other assets

Other assets are held at cost.

#### Investment property

Property that is held for either long-term rental yields or for capital appreciation, or for both, and that is not occupied by the Company is classified as investment property. Investment property comprises freehold land and freehold buildings. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. The disclosed fair value of investment property is deemed to be market value. If an investment property becomes owner occupied it is reclassified as a tangible fixed asset. Property that is being constructed or developed for future use as investment property is classified as an asset in the course of construction and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

#### Right-of-use assets

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

#### Impairment

Assets are reviewed for impairment at least annually or whenever events or circumstances indicate that the net book value may not be recoverable. Impairment testing is performed on cash generating units (CGUs) which are individual investment properties, being the lowest level of separately identifiable cash flows. An impairment loss is recognised for the value by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and value in use. Value in use calculations are performed using cash flow projections, discounted at a post-tax rate, which reflects the asset specific risks and the time value of money.

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

#### Depreciation

No depreciation is charged on freehold land and assets in the course of construction. Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, on a straight line basis over their expected useful economic life (UEL), at the following rates:

- Freehold and long leasehold buildings - 2% to 4%
- Other leasehold buildings - over the shorter of the useful economic life and the remaining period of the lease

Property residual values are assessed as the price in current terms that a property would be expected to realise, if the buildings were at the end of their useful economic life. The assets' residual values and useful economic lives are reviewed and adjusted if appropriate at least at each balance sheet date.

For right-of-use assets depreciation is calculated on a straight-line basis over the expected useful economic life of the lease. Judgement is applied to estimate the lease UEL. This is done on an individual lease basis and considers the lease terms and the enforceable period of the lease.

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 2. Accounting policies (continued)

##### Lease liabilities – as a lessee

The Company assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location.

Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised.

The Company has elected to apply the exemption for recognising right-of-use assets and lease liabilities on the balance sheet for leases where the underlying asset is of low value. Lease expenses relating to low value assets will be recognised in the income statement on a straight-line basis.

Contingent rentals are recognised as an expense in the income statement when incurred.

##### Lease liabilities – as a lessor

The Company leases out its investment property and right-of-use assets. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

##### Taxation

Tax on the profit or loss for the year comprises current and deferred taxation. Tax is recognised in the statement of comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting, nor taxable profit or loss, is not recognised. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date that are expected to apply to the period when the asset is realised or the liability is settled.

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 2. Accounting policies (continued)

##### **Offsetting**

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net. As such, bank overdrafts are presented in current liabilities to the extent that there is no intention to offset with any cash balances.

##### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for expected credit losses, using the simplified approach under IFRS 9. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each financial asset.

##### **Investments**

Investments are valued at cost, less allowances for impairment. Impairment reviews are performed at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable.

##### **Revenue**

Revenue is generated solely from contracts with customers. Revenue is recognised when the Company has satisfied its performance obligations by transferring a service promised under the relevant lease obligations.

#### **Critical accounting estimates and key judgements**

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

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Impairment*

In line with the Company's accounting policy, management must assess the value in use of each CGU when testing for impairment. This requires estimation of the present value of future cash flows expected to arise from the continuing operation of the CGU. These estimates require assumptions over future incomes, future costs and long-term growth rates, as well as the application of an appropriate discount rate.

Were there to be significant changes in these assumptions, it could materially impact the amount charged as impairment during the year, or lead to the reversal of impairment charges recognised in previous years.

##### *Depreciation*

Depreciation is recorded to write down non-current assets to their residual values over their useful economic lives (UEs). Management must therefore estimate the appropriate UEs to apply to each class of asset. Changes in the estimated UEs would alter the amount of depreciation charged each year, which could materially impact the carrying value of the assets in question over the long term. UEs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 2. Accounting policies (continued)

##### Critical accounting estimates and key judgements (continued)

###### *Lease terms*

The Company has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the Company is reasonably certain to exercise a renewal option or reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

Extension options and break clauses are included in a number of the Company's leases. These are used to maximise flexibility in terms of managing the assets used in the Company's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause.

Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised).

For leases of branches, distribution centres, offices and vehicles, the following factors are considered the most relevant:

- If there are significant penalties to break leases (or not extend), the Company is typically reasonably certain to extend (or not to utilise the break clause); and
- The Company considers other factors including the likely value of future rentals, the importance of the underlying assets to the Company's operations, whether the asset is specialised in nature and the costs and business disruption required to replace the leased asset.



# JOHN LEWIS PROPERTIES PLC

## Notes to the financial statements (continued)

### 3. Loss on disposal of properties

	2023	2022
	£m	£m
Loss on disposal of properties	(0.1)	(9.1)

### 4. Operating profit/(loss)

	2023	2022
	£m	£m
Operating profit/(loss) is stated after crediting/(charging) the following:		
Operating lease income - land and buildings	30.2	30.8
Operating lease expense - land and buildings	(0.5)	(0.5)
Depreciation <sup>1</sup>	(31.7)	(40.8)

<sup>1</sup> Included within depreciation are impairment charges of £25.4m and releases of £9.7m (2022: charges of £22.8m and releases of £2.4m).

Auditor's remuneration in the year was £50,000 (2022: £32,400).

### 5. Finance costs

	2023	2022
	£m	£m
Lease interest expense	(2.8)	(2.9)

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 6. Taxation

##### 6.1 Analysis of tax charge for the year

	2023 £m	2022 £m
<i>Analysis of tax (charge)/credit:</i>		
Current tax - current year	(4.5)	(4.5)
Current tax - adjustments in respect of previous years	3.7	1.0
Total current tax charge	(0.8)	(3.5)
Deferred tax - current year	2.6	5.4
Deferred tax - changes in tax rate	0.3	(16.9)
Deferred tax - adjustments in respect of previous years	1.6	-
Total tax credit/(charge)	3.7	(15.0)

##### 6.2 Factors affecting tax charge in the year

The tax charge for the period is lower (2022: higher) than the standard corporation tax rate of 19.0% (2022: 19.0%). The differences are explained below:

	2023 £m	2022 £m
Profit/(loss) on ordinary activities before tax	7.0	(15.0)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2022: 19.0%)	(1.3)	2.8
<i>Effects of:</i>		
Changes in tax rate	0.3	(16.9)
Adjustment to tax in respect of prior years	5.3	1.0
Depreciation on assets not qualifying for tax relief	(1.2)	(3.1)
Differences between accounting and tax base for land and buildings	0.6	1.2
Total tax credit/(charge)	3.7	(15.0)
Effective tax rate	52.9%	100.0%

##### 6.3 Deferred tax

Deferred tax is calculated on temporary differences using a tax rate of 25% reflecting that the rate of Corporation Tax will increase from April 2023 to 25% for companies with profits over £250,000. The movement on the deferred tax account is shown below:

	2023 £m	2022 £m
Opening liability	(72.5)	(61.0)
Charged to statement of comprehensive income	4.5	(11.5)
Closing liability	(68.0)	(72.5)

# JOHN LEWIS PROPERTIES PLC

## Notes to the financial statements (continued)

### 6. Taxation (continued)

#### 6.3 Deferred tax (continued)

The movements in deferred tax assets and liabilities during the year are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle the balances net.

Deferred tax (liabilities)/assets	Accelerated tax depreciation £m	Capital gains tax on land and buildings £m	Revaluation of land and buildings £m	Rollover gains £m	Total £m
At 30 January 2021	(27.5)	2.0	(8.0)	(27.5)	(61.0)
(Charge)/credit to statement of comprehensive income	(5.8)	1.8	1.1	(8.6)	(11.5)
<b>At 29 January 2022</b>	<b>(33.3)</b>	<b>3.8</b>	<b>(6.9)</b>	<b>(36.1)</b>	<b>(72.5)</b>
Credit/(charge) to statement of comprehensive income	3.7	2.4	(1.6)	-	4.5
<b>At 28 January 2023</b>	<b>(29.6)</b>	<b>6.2</b>	<b>(8.5)</b>	<b>(36.1)</b>	<b>(68.0)</b>

The net deferred tax liability at 28 January 2023 was £68.0m (2022: £72.5m). The net deferred tax liability is recoverable after more than one year.

#### 6.4 Factors affecting tax charges in current and future years

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

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 7. Investment properties

	Land and buildings £m
<b>Cost</b>	
At 29 January 2022	802.6
Additions	39.5
Disposals	(0.1)
<b>At 28 January 2023</b>	<b>842.0</b>
<b>Accumulated depreciation</b>	
At 29 January 2022	(236.1)
Charge for the year <sup>1</sup>	(25.7)
Disposals	0.1
<b>At 28 January 2023</b>	<b>(261.7)</b>
<b>Net book value at 29 January 2022</b>	<b>566.5</b>
<b>Net book value at 28 January 2023</b>	<b>580.3</b>

<sup>1</sup> For the year ended 28 January 2023 this includes a net impairment charge of £20.7m and releases of £9.7m (2022: charges of £17.9 and releases of £2.4m) to land and buildings.

In accordance with IAS 36, the Company reviews its property investment for impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Following the impairment review, the Company recognised a net impairment charge to land and buildings in the year of £11.0m (2022: net £15.5m charge).

The fair value of investment property is estimated to be £806.3m (2022: £776.9m). The valuation basis used excludes John Lewis Partnership plc from being a potential tenant of the property (2022: valuation basis used excludes John Lewis Partnership plc as a potential tenant of the property).

The Company's investment properties and right-of-use assets are leased to tenants, primarily subsidiaries of the Partnership, under operating leases with rentals payable periodically. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Lease payments for the majority of contracts are subject to market review, usually annually. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the year end date:

	2023 £m	2022 £m
Within one year	31.1	30.8
Later than one year and less than five years	93.4	92.7
After five years	1,399.7	1,463.9
	2023 £m	2022 £m
Later than five years and less than ten years	158.1	156.6
Later than 10 years and less than 25 years	414.3	431.6
Later than 25 years and less than 50 years	444.8	463.0
After 50 years	382.5	412.7

# JOHN LEWIS PROPERTIES PLC

## Notes to the financial statements (continued)

### 8. Right-of-use assets

	Land and buildings £m
<b>Cost</b>	
At 29 January 2022	48.8
Additions	-
Disposals	-
<b>At 28 January 2023</b>	<b>48.8</b>
<b>Accumulated depreciation</b>	
At 29 January 2022	(18.1)
Charge for the year <sup>1</sup>	(6.0)
Disposals	-
<b>At 28 January 2023</b>	<b>(24.1)</b>
Net book value at 29 January 2022	30.7
<b>Net book value at 28 January 2023</b>	<b>24.7</b>

<sup>1</sup> For the year ended 28 January 2023 this includes an impairment charge of £4.7m (2022: £4.9m charge).

In accordance with IAS 36, the Company reviews its right-of-use assets for impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Following the impairment review, the Company recognised a net impairment charge to land and buildings in the year of £4.7m (2022: £4.9m net charge).

### 9. Investments in JLP Scottish Partnership

	£m
<b>As at 28 January 2023 and 29 January 2022</b>	<b>72.6</b>

In accordance with IAS 36, the Company reviews its investment in JLP Scottish Partnership for impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Following review, the Company has not identified any triggers for impairment and not recognised any impairment charges or releases for the period (2022: £nil).

John Lewis Properties plc has a 42% (2022: 42%) investment in JLP Scottish Partnership, a property holding partnership. JLP Scottish Partnership allocates and distributes income and capital to its partners in accordance with the Scottish Partnership Agreement. During the year the Company received income amounting to £8.4m (2022: £7.6m).

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 10. Trade and other receivables

	2023 £m	2022 £m
Due in less than one year:		
Other receivables	0.1	-
Other taxation	0.2	0.2
	0.3	0.2
Due in greater than one year:		
Prepayments	1.2	1.2
	1.2	1.2

Trade receivables are non-interest bearing and generally on credit terms of less than 90 days. Concentrations of credit risk are considered to be very limited. The carrying amount of trade and other receivables approximates to fair value and is denominated in Sterling. As of 28 January 2023, the Company had no impaired trade and other receivables and there were no amounts overdue (2022: £nil).

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

#### 11. Trade and other payables

	2023 £m	2022 £m
Current:		
Deferred income	(0.1)	(0.2)
	(0.1)	(0.2)

#### 12. Lease liabilities

The following amounts are included in the Company's financial statements in respect of its leases:

	2023 £m	2022 £m
Depreciation charge for right-of-use assets (excluding impairment) (see note 8)	(1.2)	(0.8)
Interest expense on lease liabilities (see note 5)	(2.8)	(2.9)
Expense relating to variable lease payments not included in lease liabilities	(0.5)	(0.5)
Income from subleasing right-of-use assets	13.6	14.0
Total cash outflow for leases comprising interest and capital payments	(3.5)	(3.3)
Additions to right-of-use assets (see note 8)	-	0.5
Carrying amount of right-of-use assets (see note 8)	24.7	30.7
Carrying amount of lease liabilities – current	(1.3)	(1.2)
Carrying amount of lease liabilities – non-current	(46.8)	(47.7)

Lease liabilities falling due after more than five years are £43.0m (2022: £44.1m).

## JOHN LEWIS PROPERTIES PLC

### Notes to the financial statements (continued)

#### 13. Share capital

	2023 £m	2022 £m
Equity:		
Authorised and issued ordinary shares 25,700,000 shares of £1 each	25.7	25.7

#### 14. Directors and employees

The Directors are full time executives of John Lewis plc and no part of their remuneration relates to services to this Company. The Company had no employees during the year (2022: nil). All staff engaged in the service of the Company are employees of John Lewis plc. No charges were made for their services (2022: £nil).

#### 15. Parent Company and qualifying undertakings

The immediate parent undertaking is John Lewis plc, which is also the parent company of the smallest group to consolidate the financial statements of the Company. John Lewis Partnership plc, the Company's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the deferred ordinary shares issued by John Lewis Partnership plc in trust for the benefit of employees. All of these companies are registered in England and Wales. Copies of these financial statements may be obtained from the Company Secretary, John Lewis Partnership plc, 171 Victoria Street, London SW1E 5NN.

The address of the registered office of John Lewis plc is 171 Victoria Street, London SW1E 5NN.

## JOHN LEWIS PROPERTIES PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

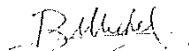
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



Bérange Michel  
Director

24 May 2023

171 Victoria Street, London, SW1E 5NN





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES PLC

### Opinion

We have audited the financial statements of John Lewis Properties plc ("the Company") for the 52 week period ended 28 January 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

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

### Basis for opinion

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

### Going concern

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

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

Our conclusions based on this work:

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

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

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES PLC (CONTINUED)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

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

We did not identify any additional fraud risks.

We performed procedures including:

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

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

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES PLC (CONTINUED)**

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

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

In addition, as with any audit there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and Directors' report**

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

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

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

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 24, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES  
PLC (CONTINUED)**

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

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



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

**JLP Scottish Partnership**  
**Financial Statements**  
**28 January 2023**  
Registered number: SG000504

## **JLP Scottish Partnership**

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## **JLP Scottish Partnership**

### **Partnership information**

General partners	JLP Scottish Limited Partnership John Lewis Properties plc
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	The Royal Bank of Scotland plc
Registered office	John Lewis & Partners, 60 Leith Street, Edinburgh, EH1 3SP
Registered in Scotland No.	SG000504

## JLP Scottish Partnership

### Strategic report for 52 week period ended 28 January 2023

#### Review of performance and future developments

Key performance indicators:

	2023 £'000	2022 £'000
Profit for the year	24,729.2	25,592.1
Investment property valuation	138,867.5	126,160.0
Net assets/partners' interests	161,332.4	147,956.7

The financial year is the 52 weeks ended 28 January 2023 (prior year: 52 weeks ended 29 January 2022).

The Income statement on page 8 shows a profit for the year of £24,729,200 (2022: £25,592,100).

The Balance sheet on page 8 shows the JLP Scottish Partnership's financial position at the year end. The value of investment properties has increased from £126,160,000 to £138,867,500 and the partners' interests have increased from £147,956,700 to £160,332,500. The movements reflect the income generated from the rental of the investment properties and the gain on revaluation of investment properties within the portfolio in the year.

No significant changes in the activities of the JLP Scottish Partnership are anticipated in the forthcoming year.

#### Principal risks and uncertainties

JLP Scottish Partnership's financial and operational issues are managed on a Partnership wide basis by John Lewis Partnership plc (the Partnership) and so, where it is relevant, the Strategic report and General partners' report provide information in respect of the Partnership. Details of principal risks and uncertainties are presented in the Strategic Report in the Partnership's Annual Report and Accounts.

JLP Scottish Partnership's principal risks and uncertainties are in line with those of the Partnership. However, the risk that is most relevant to the JLP Scottish Partnership is external environment, which for the JLP Scottish Partnership is the risk of a fall in freehold estate valuation across the range of Partnership properties.

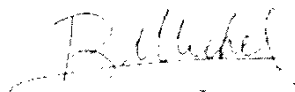
Details of key mitigations to these principal risks and uncertainties are presented in the Strategic Report in the Partnership's Annual Report and Accounts.

For and on behalf of the general partners



Director  
John Lewis Properties plc

31 March 2023



Director  
John Lewis plc (as general partner of  
JLP Scottish Limited Partnership)  
31 March 2023



# **JLP Scottish Partnership**

## **General partners' report for 52 week period ended 28 January 2023**

The general partners present their report and the audited financial statements of JLP Scottish Partnership for the year ended 28 January 2023.

### **Principal activity**

The principal activity of JLP Scottish Partnership is a property holding partnership.

The JLP Scottish Partnership was formed on 17 December 2009 between JLP Scottish Limited Partnership and John Lewis Properties plc. The JLP Scottish Partnership acquired freehold properties at their market value of £150,900,000 on 30 January 2010, that were owned by the Partnership, which was funded by the capital it received from its partners.

In September 2011, following agreement by the partners, the Partnership withdrew properties with a market value of £70,000,000 and substituted these with other properties with a market value of £72,750,000. In January 2015, following agreement by the partners, John Lewis Properties plc, on behalf of the Partnership withdrew a property with a market value of £9,000,000. In accordance with the Scottish Partnership agreement, there was no requirement for this property to be substituted with any other properties.

In January 2020, following agreement by the partners, the Partnership withdrew properties with a market value of £30,175,000 and substituted these with other properties with a market value of £41,500,000.

The freehold properties, which are held as investment properties, are leased to John Lewis plc or Waitrose Limited, and the JLP Scottish Partnership receives rental income. In addition, the JLP Scottish Partnership fair values the investment properties on an annual basis, and allocates and distributes income and capital to the partners in accordance with an Amended and Restated Limited Partnership Agreement dated 26 January 2010 between JLP Scottish Limited Partnership and John Lewis Properties plc, which has been further revised on 27 January 2012, following agreement of the partners.

### **General partners**

John Lewis Properties plc  
171 Victoria Street  
London  
SW1E 5NN

JLP Scottish Limited Partnership  
John Lewis  
60 Leith Street  
Edinburgh  
EH1 3SP

### **Political donations**

JLP Scottish Partnership made no political donations during the year (2022: £nil).

### **Directors' and Officers' Liability Insurance**

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

### **Going concern**

The JLP Scottish Partnership is currently in a net assets position. The partners, having reviewed the JLP Scottish Partnership's current performance and financing arrangements, consider, at the approval date of these accounts, that the JLP Scottish Partnership has sufficient resources to continue in operation and meet its liabilities as they fall due. Accordingly, the partners are satisfied that it is appropriate to adopt the going concern basis in preparing the JLP Scottish Partnership's financial statements.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## JLP Scottish Partnership

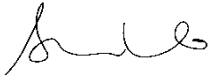
### General partners' report for 52 week period ended 28 January 2023 (continued)

#### Disclosure of information to the independent auditor

Each of the persons who are a Director of the general partners at the date of approval of this report confirms that:

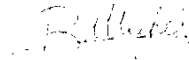
1. So far as the Director is aware, there is no relevant audit information of which the JLP Scottish Partnership's auditor is unaware; and
2. The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the general partners



Director  
John Lewis Properties plc

31 March 2023



Director  
John Lewis plc (as general partner of  
JLP Scottish Limited Partnership)  
31 March 2023

## **JLP Scottish Partnership**

### **Statement of general partners' responsibilities in respect of the Strategic Report, the general partners' Report and the financial statements**

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

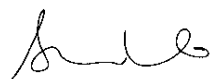
Company law requires the general partners to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the general partners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the general partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

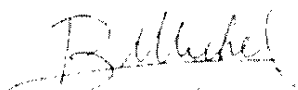
The general partners are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

For and on behalf of the general partners



Director  
John Lewis Properties plc

31 March 2023



Director  
John Lewis plc (as general partner of  
JLP Scottish Limited Partnership)  
31 March 2023

## JLP Scottish Partnership

### Income statement for the 52 week period ended 28 January 2023

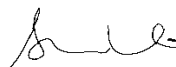
Notes	2023 £'000	2022 £'000
Rental income	11,592.5	10,958.7
2 Administrative expenses	(31.2)	(22.4)
3 Fair value gains on revaluation of investment properties	12,707.5	14,585.0
<b>Operating profit</b>	<b>24,268.8</b>	<b>25,521.3</b>
Finance income	460.4	70.8
<b>Profit and total comprehensive income for the year</b>	<b>24,729.2</b>	<b>25,592.1</b>

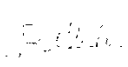
### Balance sheet as at 28 January 2023

Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>		
3 Investment property	138,867.5	126,160.0
<b>Current assets</b>		
4 Trade and other receivables	650.3	540.0
Cash and cash equivalents	16,893.9	16,687.2
Intercompany with John Lewis plc	7,892.2	7,290.1
	<b>25,436.4</b>	<b>24,517.3</b>
<b>Total assets</b>	<b>164,303.9</b>	<b>150,677.3</b>
<b>Current Liabilities</b>		
5 Trade and other payables	(2,971.5)	(2,720.6)
<b>Net current assets</b>	<b>22,464.9</b>	<b>21,796.7</b>
<b>Total liabilities</b>	<b>(2,971.5)</b>	<b>(2,720.6)</b>
<b>Total assets less current liabilities</b>	<b>161,332.4</b>	<b>147,956.7</b>
<b>Net assets attributable to partners</b>	<b>161,332.4</b>	<b>147,956.7</b>
<b>Represented by:</b>		
<b>Partners' interests</b>		
6 Partners' capital	172,300.2	172,325.2
6 Partners' other interests	(10,967.8)	(24,368.5)
<b>Total Partners' interests</b>	<b>161,332.4</b>	<b>147,956.7</b>

The accompanying notes on pages 9 to 13 form part of these financial statements.

These financial statements on pages 8 to 13 were approved by the partners on 31 March 2023 and signed on its behalf by:

  
Director  
John Lewis Properties plc

  
Director  
John Lewis plc (as general partner of  
JLP Scottish Limited Partnership)

Registered number: SG000504

# JLP Scottish Partnership

## Notes to the financial statements

### 1 Accounting policies

#### Basis of preparation

The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to qualifying partnerships.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The JLP Scottish Partnership is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the JLP Scottish Partnership in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present on cash flow statements and related notes;
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries; and
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new issued standards but which are not yet effective.

The financial year is the 52 weeks ended 28 January 2023 (prior year: 52 weeks ended 29 January 2022).

#### Going Concern

In determining the appropriate basis of preparation of the financial statement for the year ended 28 January 2023, the Directors of the general partner are required to consider whether the partnership can continue in operational existence for at least 12 months from the date of approval of the financial statements. The partnership is part of a wider group ('the Group'), of which John Lewis Partnership plc is the ultimate parent company and the partnership's ability to operate as a going concern is directly linked to the Group's position.

In connection with the unaudited results announcement for the year ended 28 January 2023, the Board of John Lewis Partnership plc undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period not less than 12 months from the date of their assessment. This assessment considered a forecast for the 12 month period ending March 2024 which included a base forecast and a downside case which represents a severe but plausible scenario. The impact of the downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these occur, mitigating actions would be required to ensure that the Group remains liquid and financially viable. The downside modelled has a significant adverse impact on sales, margin and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the downside scenario materialising. This assessment was made available to the Directors of the general partner who have considered it in their assessment. The Directors of the general partner have also undertaken a rigorous assessment of the financial forecasts.

As at 28 January 2023, the partnership had net assets of £161,332,400. The partnership has been profitable for a number of years and distributed consistently to its general partners in line with the Limited Partnership Agreement. In the current year it made profit of £24,729,200 and has minimal costs, incurring only £31,200. In the 12 months from the date of approval of the financial statements, it is expected that performance will be consistent with 2022/23. This includes that the partnership will continue to receive rental income from John Lewis plc and Waitrose Limited and to distribute profits to its general partners in line with the Limited Partnership Agreement, as well as a low level of expenses, a strong net asset position and sufficient liquidity. Consequently, the Directors of the general partner have concluded that the partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## JLP Scottish Partnership

### Notes to the financial statements (continued)

#### 1. Accounting Policies (continued)

##### Rental income

Rental income is credited to the income statement on an accrual basis.

##### Administrative expenses

Administrative expenses are charged to the income statement on an accrual basis.

##### Finance income

Finance income is credited to the income statement on an accrual basis.

##### Investment property

Property that is held for long-term rental yields, for capital appreciation or both, and is not occupied by the JLP Scottish Partnership is classified as investment property. Investment property comprises freehold land and buildings. Investment properties are stated at fair value and revalued on an annual basis to fair value after consultation with external independent valuers.

Fair value gains or losses arising on revaluation of investment properties are credited or debited to the income statement in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

##### Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprises cash at bank.

##### Taxation

No tax is recorded in the financial statements of the JLP Scottish Partnership, as all tax liabilities are liabilities of the partners and not the JLP Scottish Partnership.

#### 2. Administrative expenses

Administrative expenses include auditor remuneration of £30,470 (2022: £21,604) and bank charges of £748 (2022: £798).

The JLP Scottish Partnership had no employees during the current year (2022: nil).

#### 3. Investment Property

	£'000
<b>As at 30 January 2021</b>	<b>111,575.0</b>
Fair value gain on revaluation	14,585.0
<b>As at 29 January 2022</b>	<b>126,160.0</b>
Fair value gain on revaluation	12,707.5
<b>As at 28 January 2023</b>	<b>138,867.5</b>

The JLP Scottish Partnership's investment properties were valued by the partners after consultation with Cushman & Wakefield, Chartered Surveyors, as at 28 January 2023.

## JLP Scottish Partnership

### Notes to the financial statements (continued)

#### 4. Trade and other receivables

	2023	2022
	£'000	£'000
Trade receivables	650.3	540.0
	<b>650.3</b>	<b>540.0</b>

#### 5. Trade and other payables

	2023	2022
	£'000	£'000
Accruals and deferred income	(2,971.5)	(2,720.6)
	<b>(2,971.5)</b>	<b>(2,720.6)</b>

#### 6. Partners' interests

	Partners' Capital at 29 January 2022 £'000	Increase in capital £'000	Return of capital £'000	Share of capital movements £'000	Partners' Capital at 28 January 2023 £'000
JLP Scottish Limited Partnership	99,750.1	-	(25.0)	-	99,725.1
John Lewis Properties plc	72,575.1	-	-	-	72,575.1
<b>Total partners' capital</b>	<b>172,325.2</b>	<b>-</b>	<b>(25.0)</b>	<b>-</b>	<b>172,300.2</b>

	Total other interests at 29 January 2022 £'000	Share of income profit £'000	Share of capital gain £'000	Distributions £'000	Total other interests at 28 January 2023 £'000
JLP Scottish Limited Partnership	1,418.7	2,889.1	12.7	(2,888.5)	1,432.0
John Lewis Properties plc	(25,787.2)	9,132.6	12,694.8	(8,440.0)	(12,399.8)
<b>Total partners' other interests</b>	<b>(24,368.5)</b>	<b>12,021.7</b>	<b>12,707.5</b>	<b>(11,328.5)</b>	<b>(10,967.8)</b>

## JLP Scottish Partnership

### Notes to the financial statements (continued)

#### 6. Partners' interests (continued)

	Partners' Capital at 30 January 2021 £'000	Increase in capital £'000	Return of capital £'000	Share of capital movements £'000	Partners' Capital at 29 January 2022 £'000
JLP Scottish Limited Partnership	99,775.1	-	(25.0)	-	99,750.1
John Lewis Properties plc	72,575.1	-	-	-	72,575.1
<b>Total partners' capital</b>	<b>172,350.2</b>	<b>-</b>	<b>(25.0)</b>	<b>-</b>	<b>172,325.2</b>

	Total other interests at 30 January 2021 £'000	Share of income profit £'000	Share of capital gain £'000	Distributions £'000	Total other interests at 29 January 2022 £'000
JLP Scottish Limited Partnership	1,837.0	2,888.2	14.6	(3,321.1)	1,418.7
John Lewis Properties plc	(40,870.3)	8,118.9	14,570.4	(7,606.2)	(25,787.2)
<b>Total partners' other interests</b>	<b>(39,033.3)</b>	<b>11,007.1</b>	<b>14,585.0</b>	<b>(10,927.3)</b>	<b>(24,368.5)</b>

The total interest of JLP Scottish Limited Partnership at 28 January 2023 was £101,157,200 (2022: £101,168,800) and John Lewis Properties plc was £60,175,300 (2022: £46,787,900). The partners' interests include the initial capital contribution plus share of income profit and share of capital gain, distributions and return of capital since incorporation.

#### 7. Operating leases

JLP Scottish Partnership's operating leases relate primarily to supermarkets and department stores. The majority of lease payments receivable are subject to review to reflect market rentals, but because of the uncertainty over the amount of any future changes, such changes have not been reflected in the table below.

JLP Scottish Partnership does not hold any leases in which it acts as the lessee.

#### The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2023 Land and buildings £'000	2022 Land and buildings £'000
Within one year	(12,203.5)	(10,790.2)
Later than one year and less than five years	(36,610.4)	(32,370.5)
After five years	(86,893.3)	(86,400.2)

	2023 Land and buildings £'000	2022 Land and buildings £'000
<b>Future aggregate minimum lease payments receivable under non-cancellable operating leases, payable after five years comprise the following:</b>		
Later than five years and less than ten years	(52,653.1)	(52,968.4)
Later than ten years and less than twenty years	(34,240.2)	(33,431.8)
	<b>(86,893.3)</b>	<b>(86,400.2)</b>



## **JLP Scottish Partnership**

### **Notes to the financial statements (continued)**

#### **8. Ultimate parent company and controlling entity**

John Lewis plc<sup>1</sup> is the parent company of the smallest group to consolidate the financial statements of JLP Scottish Partnership. John Lewis Partnership plc<sup>1</sup>, the JLP Scottish Partnership's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited<sup>1</sup>, which holds the deferred ordinary shares issued by John Lewis Partnership plc in Trust for the benefit of employees. These companies are registered in England and Wales.

The consolidated financial statements of these groups and of these financial statements are available to the public and may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

<sup>1</sup>The address of the registered office is 171 Victoria Street, London SW1E 5NN.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JLP Scottish Partnership**

### **Opinion**

We have audited the financial statements of JLP Scottish Partnership ("the qualifying Partnership") for the 52-week period ended 28 January 2023 which comprise the Income statement, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Going concern**

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

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

Our conclusions based on this work:

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

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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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

- Enquiring of general partners, the Audit and Risk Committee, internal audit, legal counsel and inspection of policy documentation as to the qualifying partnership's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the qualifying

partnership's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading General Partners' meeting and Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management, post-closing journals and unusual opposing entries to cash or bank accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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

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

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

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

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-



compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

#### **Strategic report and general partners' report**

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

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

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### **General Partners' responsibilities**

As explained more fully in their statement set out on page 7, the general partners are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying Partnership or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



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

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

A handwritten signature in black ink, appearing to read 'Nick Frost'.

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

**JLP Scottish Limited Partnership**

**Financial Statements**

**28 January 2023**

Registered number: SL007561

# **JLP Scottish Limited Partnership**

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## **JLP Scottish Limited Partnership**

### **Partnership information**

General partner	John Lewis plc
Limited partners	JLP Scotland Limited John Lewis Partnership Pensions Trust
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	The Royal Bank of Scotland plc
Registered office	John Lewis, 60 Leith Street, Edinburgh, EH1 3SP
Registered in Scotland No.	SL007561



## JLP Scottish Limited Partnership

### Strategic report for the 52 week period ended 28 January 2023

#### Review of performance

Key performance indicators:

	2023	2022
	£'000	£'000
Profit for the year	2,885.5	3,318.1
Investment in JLP Scottish Partnership	99,725.1	99,750.1
Net assets/partners' interests	99,725.0	99,750.0

The financial year is the 52 weeks ended 28 January 2023 (prior year: 52 weeks ended 29 January 2022).

The Income statement on page 8 shows a profit for the year of £2,885,500 (2022: £3,318,100) principally as a result of the distribution received from JLP Scottish Partnership.

The balance sheet on page 8 shows the JLP Scottish Limited Partnership's financial position at the year end. The partners' funds as at 28 January 2023 were £99,725,000 (2022: £99,750,000).

No significant changes in the activities of the JLP Scottish Limited Partnership are anticipated in the forthcoming year.

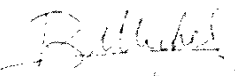
#### Principal risks and uncertainties

JLP Scottish Limited Partnership's financial and operational issues are managed on a Partnership wide basis by John Lewis Partnership plc (the Partnership) and so, where it is relevant, the Strategic report and General partner's report provides information in respect of the Partnership. Details of principal risks and uncertainties are presented in the Strategic Report in the Partnership's Annual Report and Accounts.

JLP Scottish Limited Partnership's principal risks and uncertainties are in line with those of the Partnership. However, the risk that is most relevant to the JLP Scottish Limited Partnership is strategic resilience, which for the JLP Scottish Limited Partnership is the risk of a fall in freehold estate valuation across the range of Partnership properties.

Details of key mitigations to these principal risks and uncertainties are presented in the Strategic Report in the Partnership's Annual Report and Accounts.

For and on behalf of the general partner



Berangere Michel  
Director  
John Lewis plc  
31 March 2023

# **JLP Scottish Limited Partnership**

## **General partner's report for the 52 week period ended 28 January 2023**

*The general partner presents its report and the audited financial statements of JLP Scottish Limited Partnership for the year to 28 January 2023.*

### **Principal activity**

The principal activity of JLP Scottish Limited Partnership is an investment holding partnership.

The JLP Scottish Limited Partnership was registered (number SL007561) in Scotland as a limited partnership by the Registrar of Companies in Scotland on 17 December 2009 and is a partnership between John Lewis plc, JLP Scotland Limited and John Lewis Partnership Pensions Trust as trustee of the John Lewis Partnership Trust for Pensions. The JLP Scottish Limited Partnership allocates and distributes income to its partners in accordance with an Amended and Restated Limited Partnership Agreement dated 26 January 2010, which has been further revised on 27 January 2012, following agreement of the partners.

The JLP Scottish Limited Partnership has an interest in JLP Scottish Partnership, which is a property holding partnership established pursuant to a Partnership Agreement with John Lewis Properties plc and it receives income and capital distributions from JLP Scottish Partnership in accordance with that agreement.

### **General partner and manager**

John Lewis plc  
171 Victoria Street  
London  
SW1E 5NN

### **Political donations**

JLP Scottish Limited Partnership made no political donations during the year (2022: £nil).

### **Directors' and Officers' liability insurance**

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

### **Going concern**

The JLP Scottish Limited Partnership is currently in a net assets position. The Directors of the general partner, having reviewed the Partnership's current performance and financing arrangements, consider, at the approval date of these accounts, that the Partnership has sufficient resources to continue in operation and meet its liabilities as they fall due. Accordingly, the Directors of the general partner are satisfied that it is appropriate to adopt the going concern basis in preparing the Partnership's financial statements.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## **JLP Scottish Limited Partnership**

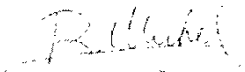
### **General partner's report for the 52 week period ended 28 January 2023 (continued)**

#### **Disclosure of information to the independent auditor**

Each of the persons who are a Director of the general partner at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the JLP Scottish Limited Partnership's auditor is unaware; and
2. The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the general partner



Berangere Michel  
Director John Lewis plc  
31 March 2023

## **JLP Scottish Limited Partnership**

### **Statement of general partner's responsibilities in respect of the Strategic Report, the General Partner's Report and the financial statements**

The general partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations.

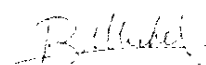
Company law requires the general partner to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the general partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing these financial statements, the general partner is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The general partner is responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

For and on behalf of the general partner



Berangere Michel  
Director  
John Lewis plc

31 March 2023

## JLP Scottish Limited Partnership

### Income statement for the 52 week period ended 28 January 2023

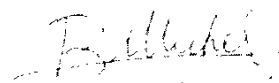
		2023	2022
Note		£'000	£'000
	Distribution received	2,888.5	3,321.1
2	Administrative expenses	(3.0)	(3.0)
	<b>Profit and total comprehensive income for the year</b>	<b>2,885.5</b>	<b>3,318.1</b>

### Balance sheet as at 28 January 2023

		2023	2022
Notes		£'000	£'000
	<b>Non current assets</b>		
3	Investment in JLP Scottish Partnership	99,725.1	99,750.1
	<b>Current assets</b>		
	Cash and cash equivalents	40.5	37.5
		40.5	37.5
	<b>Total assets</b>	<b>99,765.6</b>	<b>99,787.6</b>
	<b>Current liabilities</b>		
	Amounts due to John Lewis plc	(40.6)	(34.6)
4	Other payables	-	(3.0)
	<b>Net current liabilities</b>	<b>(0.1)</b>	<b>(0.1)</b>
	<b>Total liabilities</b>	<b>(40.6)</b>	<b>(37.6)</b>
	<b>Total assets less current liabilities</b>	<b>99,725.0</b>	<b>99,750.0</b>
	<b>Net assets attributable to partners</b>	<b>99,725.0</b>	<b>99,750.0</b>
	<b>Represented by:</b>		
	<b>Partners' interests</b>		
5	Partners' capital and other interests	99,725.0	99,750.0

The accompanying notes on pages 9 to 12 form part of these financial statements.

These financial statements on pages 8 to 12 were approved by the general partner on 31 March 2023 and signed on its behalf by:



Berangere Michel  
Director  
John Lewis plc

Registered number: SL007561

# **JLP Scottish Limited Partnership**

## **Notes to the financial statements**

### **1 Accounting Policies**

#### **Basis of preparation**

The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to qualifying partnerships.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

FRS 101 sets out a reduced disclosure framework for a “qualifying entity” as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The JLP Scottish Limited Partnership is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the JLP Scottish Limited Partnership in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present on cash flow statements and related notes;
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries; and
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new issued standards but which are not yet effective.

The financial year is the 52 weeks ended 28 January 2023 (prior year: 52 weeks ended 29 January 2022).

The JLP Scottish Limited Partnership is an intermediate parent entity and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006.

#### **Going concern**

In determining the appropriate basis of preparation of the financial statement for the year ended 28 January 2023, the Directors of the general partner are required to consider whether the partnership can continue in operational existence for at least 12 months from the date of approval of the financial statements. The partnership is part of a wider group ('the Group'), of which John Lewis Partnership plc is the ultimate parent company and the partnership's ability to operate as a going concern is directly linked to the Group's position.

In connection with the unaudited results announcement for the year ended 28 January 2023, the Board of John Lewis Partnership plc undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period not less than 12 months from the date of their assessment. This assessment considered a forecast for the 12 month period ending March 2024 which included a base forecast and a downside case which represents a severe but plausible scenario. The impact of the downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these occur, mitigating actions would be required to ensure that the Group remains liquid and financially viable. The downside modelled has a significant adverse impact on sales, margin and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the downside scenario materialising. This assessment was made available to the Directors of the general partner who have considered it in their assessment. The Directors of the general partner have also undertaken a rigorous assessment of the financial forecasts.

## JLP Scottish Limited Partnership

### Notes to the financial statements (continued)

#### 1. Accounting Policies (continued)

As at 28 January 2023, the partnership had net assets of £99,725,000. The partnership has been profitable for a number of years and distributed consistently to its general partners in line with the Partnership agreement. In the current year it made profit of £2,885,500 and has minimal costs, incurring only £3,000. In the 12 months from the date of approval of the financial statements, it is expected that performance will be consistent with 2022/23. This includes that the JLP Scottish Partnership will continue to receive rental income from John Lewis plc and Waitrose Limited and to distribute profits to its general partners in line with the Limited Partnership Agreement, as well as a low level of expenses, a strong net asset position and sufficient liquidity. Consequently, the Directors of the general partner have concluded that the partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Administrative expenses

Administrative expenses are charged to the Income statement on an accrual basis.

#### Distributions

Distributions received from JLP Scottish Partnership are credited to the Income statement when received.

#### Investments

Investments are valued at cost, less allowances for impairment. Impairment reviews are performed annually. Investments consist of an interest in JLP Scottish Partnership.

#### Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprises cash at bank.

#### Taxation

No tax is recorded in the financial statements of the JLP Scottish Limited Partnership, as all tax liabilities are liabilities of the partners and not the JLP Scottish Limited Partnership.

#### 2. Administrative expenses

Administrative expenses comprise auditor remuneration of £3,000 (2022: £3,000).

The JLP Scottish Limited Partnership had no employees during the current year (2022: nil).

#### 3. Investment in JLP Scottish Partnership

	£'000
<b>Cost</b>	
As at 30 January 2021	99,775.1
Decrease in investment	(25.0)
As at 29 January 2022	99,750.1
Decrease in investment	(25.0)
<b>As at 28 January 2023</b>	<b>99,725.1</b>

JLP Scottish Limited Partnership has a 58% (2022: 58%) investment in JLP Scottish Partnership, a property holding partnership, as set out in the General partner's report on page 5. JLP Scottish Limited Partnership jointly shares control over the operation and the management of JLP Scottish Partnership with John Lewis Properties plc. As such, JLP Scottish Limited Partnership does not have control to direct the relevant activities of JLP Scottish Partnership and therefore consolidated financial statements are not prepared.

## JLP Scottish Limited Partnership

### Notes to the financial statements (continued)

#### 3. Investment in JLP Scottish Partnership (continued)

JLP Scottish Limited Partnership's investment in JLP Scottish Partnership has a carrying value of £101,157,200 at 28 January 2023 (2022: £101,168,800) including capital (£99,725,100) and other interests (£1,432,100). The value of the investment in JLP Scottish Partnership decreased during the year following the return of capital from JLP Scottish Partnership and the share of profits and income distributions in accordance with the terms of the Amended and Restated Limited Partnership Agreement.

#### 4. Other payables

	2023	2022
	£'000	£'000
<b>Accruals</b>	-	(3.0)

#### 5. Partners' interests

	Total interests at 29 January 2022 £'000	Share of income profit £'000	Distribution £'000	Return of capital £'000	Total interests at 28 January 2023 £'000
<b>Limited partners:</b>					
JLP Scotland Limited	0.1	-	-	-	0.1
John Lewis Partnership Pensions Trust	94,749.8	2,871.0	(2,871.0)	(25.0)	94,724.8
<b>General partner:</b>					
John Lewis plc	5,000.1	14.4	(14.4)	-	5,000.1
<b>Total partners' interests</b>	<b>99,750.0</b>	<b>2,885.4</b>	<b>(2,885.4)</b>	<b>(25.0)</b>	<b>99,725.0</b>



## JLP Scottish Limited Partnership

### Notes to the financial statements (continued)

#### 5. Partners' interests (continued)

	Total interests at 30 January 2021 (restated*)	Share of income profit	Distribution	Return of capital (restated*)	Total interests at 29 January 2022 (restated*)
	£'000	£'000	£'000	£'000	£'000
<b>Limited partners:</b>					
JLP Scotland Limited	0.1	-	-	-	0.1
John Lewis Partnership Pensions Trust	94,774.8	3,301.5	(3,301.5)	(25.0)	94,749.8
<b>General partner:</b>					
John Lewis plc	5,000.1	16.6	(16.6)	-	5,000.1
<b>Total partners' interests</b>	<b>99,775.0</b>	<b>3,318.1</b>	<b>(3,318.1)</b>	<b>(25.0)</b>	<b>99,750.0</b>

\*The opening capital balances for John Lewis Partnership Pensions Trust and John Lewis plc at 30 January 2021, as well as the return of capital made in the 52 week period to 29 January 2022, have been restated to correct the partners' interests. £225,000 of capital repayments had been recorded to John Lewis plc which should have been to John Lewis Partnership Pensions Trust. There has been no change to Total partners' interests.

The partners' interests include the initial capital contribution plus share of income profit less distributions and return of capital since incorporation.

#### 6. Ultimate parent company and controlling entity

John Lewis plc<sup>1</sup> is the parent company of the smallest group to consolidate the financial statements of JLP Scottish Limited Partnership. John Lewis Partnership plc<sup>1</sup>, JLP Scottish Limited Partnership's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited<sup>1</sup>, which holds the deferred ordinary shares issued by John Lewis Partnership plc in Trust for the benefit of employees. These companies are registered in England and Wales. JLP Scottish Limited Partnership is registered in Scotland.

The consolidated financial statements of these groups and of these financial statements are available to the public and may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

<sup>1</sup>The address of the registered office is 171 Victoria Street, London SW1E 5NN.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JLP Scottish Limited Partnership**

### **Opinion**

We have audited the financial statements of JLP Scottish Limited Partnership ("the qualifying Partnership") for the 52-week period ended 28 January 2023 which comprise the Income statement, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Going concern**

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

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

Our conclusions based on this work:

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

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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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



- Enquiring of general partner, the Audit and Risk Committee, internal audit, legal counsel and inspection of policy documentation as to the qualifying partnership's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the qualifying partnership's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading General Partner's meeting and Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management, post-closing journals and unusual opposing entries to cash or bank accounts.

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

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

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

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

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-



compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

#### **Strategic report and general partner's report**

The general partner is responsible for the strategic report and the general partner's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### **General Partner's responsibilities**

As explained more fully in their statement set out on page 7, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying Partnership or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



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

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

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

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