

**JOHN LEWIS CAR FINANCE LIMITED**

Financial Statements for the year ended 27 January 2018

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# JOHN LEWIS CAR FINANCE LIMITED

## Company information

Director	Patrick Lewis
Company Secretary	Peter Simpson
Registered Office	171 Victoria Street, London SW1E 5NN
Company Number	04328890
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL

# JOHN LEWIS CAR FINANCE LIMITED

## Strategic report for the year ended 27 January 2018

### Review of the business and future developments

John Lewis Car Finance Limited ("the Company") is assigned credit sale agreements, from John Lewis plc, its parent company, with employees of John Lewis plc, part of the John Lewis Partnership plc group ("the Partnership"), and its subsidiary companies to finance vehicles acquired by them and provide associated services to them.

The Company's revenue is derived from finance income on credit sale agreements between the Company and employees of the Partnership. Revenue was £1,047,000 (2017: £1,008,000) for the year and Company profit before tax was £203,000 (2017: £489,000). Net assets increased by £164,000 (1.9%) to £8,966,000.

Given the nature of the Company's activities, the Company's Director believes that specific key performance indicators are not necessary or appropriate for an understanding of the Company's development, performance, or the position of its business.

### Principal risks and uncertainties

John Lewis Car Finance Limited's principal risks and uncertainties are in line with those of John Lewis Partnership plc. However, the risks that are most relevant to John Lewis Car Finance Limited are: competition, operating model strain, information security, external environment and change delivery.

Details of key mitigations to these principal risks and uncertainties are presented on pages 42 to 45 of the Partnership's Annual Report and Accounts.

Approved by the sole Director of the Company



Patrick Lewis  
Director  
19 July 2018

# JOHN LEWIS CAR FINANCE LIMITED

## Director's report for the year ended 27 January 2018

The sole Director of the Company presents her report and the audited financial statements for the year ended 27 January 2018.

### Principal activity

John Lewis Car Finance Limited is incorporated and registered in England and Wales. The Company is assigned credit sale agreements from John Lewis plc, its parent company and part of the John Lewis Partnership plc group ("the Partnership"), with employees of John Lewis plc to finance vehicles acquired by them and provides associated services to them.

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

### Director and Company Secretary

The Director and Company Secretary at the date of this report are listed on page 1. The Company Secretary served throughout the year under review.

### Results and Dividends

The Company's profit on ordinary activities before taxation for the year ended 27 January 2018 is £203,000 (2017: £489,000). The share capital of the Company is wholly owned by John Lewis plc.

The Director does not recommend the payment of a dividend (2017: £nil).

### Financial risk management

John Lewis Car Finance Limited's financial risks are managed within the Partnership's framework. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the Partnership's business needs, to meet Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the Partnership's business planning process crystallising.

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

### Director's responsibilities

The Statement of Director's responsibilities in relation to the Strategic report, Directors' report and financial statements is set out on page 12.

### Director's interests

Under the constitution of the Partnership the Director, as an employee of John Lewis plc, is deemed to be 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 group 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 Director, after reviewing the Company's operating budgets, investment plans and financing arrangements, considers that the Company has sufficient financing available at the date of this report. In addition, a letter of support has been received from the parent company stating that it will provide such support as is necessary to enable the Company to continue operations for the 12 months from the date of signing. Accordingly, the Director is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

# JOHN LEWIS CAR FINANCE LIMITED

## Director's report for the year ended 27 January 2018 continued

### Disclosure of information to the auditor

The person who is a Director 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 Company's auditor is unaware; and
2. The Director has taken all steps that she ought to have taken as a Director in order to make herself aware of any relevant audit information and to establish the Company's auditor is aware of that information.

Approved by the sole Director and signed on behalf of the Board



Patrick Lewis  
Director  
19 July 2018

# JOHN LEWIS CAR FINANCE LIMITED

## Statement of comprehensive income for the year ended 27 January 2018

<i>Notes</i>	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Revenue</b>	<b>1,047</b>	1,008
Other operating (loss)/income	(131)	254
Operating expenses	(89)	(58)
Administrative expenses	(624)	(715)
<b>2 Profit before tax</b>	<b>203</b>	489
<b>4 Taxation</b>	<b>(39)</b>	(98)
<b>Profit and total comprehensive income for the year</b>	<b>164</b>	391

# JOHN LEWIS CAR FINANCE LIMITED

## Balance sheet as at 27 January

<i>Notes</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Non-Current assets</b>		
6 Trade and other receivables - due in greater than one year	<b>13,722</b>	12,743
	<b>13,722</b>	<b>12,743</b>
<b>Current assets</b>		
5 Inventories	<b>1,559</b>	779
6 Trade and other receivables - due in less than one year	<b>6,825</b>	7,323
Cash and cash equivalents	<b>2,158</b>	958
	<b>10,542</b>	<b>9,060</b>
<b>Total assets</b>	<b>24,264</b>	21,803
<b>Current liabilities</b>		
7 Trade and other payables	<b>(15,259)</b>	(12,903)
Current tax payable	<b>(39)</b>	(98)
<b>Total liabilities</b>	<b>(15,298)</b>	(13,001)
<b>Net assets</b>	<b>8,966</b>	8,802
<b>Equity</b>		
8 Share capital	<b>7,500</b>	7,500
Retained earnings	<b>1,466</b>	1,302
<b>Total equity</b>	<b>8,966</b>	8,802

The accompanying notes are an integral part of these financial statements. The financial statements on pages 5 to 11 were approved by the sole Director of the Company on 19 July 2018.



**Patrick Lewis**  
Director  
John Lewis Car Finance Limited

Company number: 04328890

# JOHN LEWIS CAR FINANCE LIMITED

## Statement of changes in equity For the year ended 27 January 2018

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 30 January 2016	7,500	911	8,411
Profit and total comprehensive income for the year	-	391	391
Balance at 28 January 2017	7,500	1,302	8,802
Profit and total comprehensive income for the year	-	164	164
<b>Balance at 27 January 2018</b>	<b>7,500</b>	<b>1,466</b>	<b>8,966</b>



# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the financial statements

### 1. 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 disclosures 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) as adopted by the European Union. 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 Transactions, 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; and
- 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 financial period is the 52 weeks ended 27 January 2018 (prior period: 52 weeks ended 28 January 2017).

The following standards, amendments and interpretations were adopted by the Company for the year ended 27 January 2018 and have not had a significant impact on the Company's profit for the year, equity or disclosures:

- Annual improvements to IFRSs 2010-2012 Cycle – various standards
- Annual improvements to IFRSs 2011-2013 Cycle – various standards
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards
- Amendments to IAS 1: Disclosure Initiative

#### Accounting for credit sale agreements

John Lewis Car Finance Limited is assigned credit sale agreements from John Lewis plc, its parent company, with employees of John Lewis plc to finance vehicles acquired by them. These agreements include a guaranteed residual value buyback option which allows the employees of John Lewis plc to request John Lewis Car Finance Limited to purchase the vehicle at the end of the agreement term for a guaranteed value determined at inception but subject to age, mileage and vehicle condition. The pricing of the guaranteed residual value is such that no significant gains or losses arise on the re-sale of vehicles that have been purchased back from employees of John Lewis plc.

The terms of the arrangement determine that the significant risks and rewards of the vehicles are with the employees of John Lewis plc. As such, the credit sale agreements are accounted for as receivables, and finance income included in and associated with the credit sale agreements is recognised as revenue in the statement of comprehensive income/(expense) on an actuarial basis.

In the event that it can be predicted that the market value of the vehicle will be less than the guaranteed residual value, then an impairment of the receivable is recognised.

# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the financial statements continued

### 1. Accounting policies continued

#### Revenue

Revenue is the finance income on credit sales agreements, net of VAT. The business is carried out in the United Kingdom and revenue derives entirely from that source. Revenue derives from continuing operations. There have been no discontinued operations or material acquisitions in the year.

#### Inventory valuation

Vehicles which are repurchased are accounted for as inventory at the lower of cost or net realisable value.

#### Taxation

The charge for corporation tax is based on the results for the year adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date.

#### Offsetting

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net.

#### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with maturities of less than 90 days.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable.

#### Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

#### Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:

#### Provisions and liabilities

Although provisions and liabilities are reviewed on a regular basis and adjusted to reflect management's best current estimates the judgemental nature of these items means that future amounts settled may be different from those provided.

### 2. Profit before tax

	2018	2017
	£000	£000
Profit on ordinary activities before taxation is stated after (charging)/crediting the following:		
Gain on sales of motor vehicles	(131)	254
Fees payable to the Company's auditor	(17)	(17)

# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the financial statements continued

### 3. Director and employees

The Director is a full time executive of John Lewis plc and no part of their remuneration relates to services to this Company. There were no employees during the year (2017: nil).

### 4. Taxation

	2018 £000	2017 £000
<b>Recognised in the statement of comprehensive income</b>		
Current tax - current year	(39)	(98)
Total current tax charge	(39)	(98)

The tax charge for the year is in line with (2017: in line with) the standard corporation tax rate of 19.17% (2017: 20.0%).

Legislation has been enacted to reduce the UK Corporation tax from 20% to 19% with effect from 1 April 2017 with a further reduction to 17% from April 2020. The 17% rate was substantially enacted in 2016.

### 5. Inventories

	2018 £000	2017 £000
Motor vehicles held for resale	1,559	779

### 6. Trade and other receivables

	2018 £000	2017 £000
Due in less than one year:		
Trade receivables	6,825	7,323
	6,825	7,323
Due in greater than one year:		
Trade receivables	13,722	12,743
	20,547	20,066

As of 27 January 2018 the Company had no impaired trade and other receivables and there were no amounts overdue (2017: £nil).

# JOHN LEWIS CAR FINANCE LIMITED

## Notes to the financial statements continued

### 7. Trade and other payables

	2018	2017
	£000	£000
Current:		
Amounts owed to group companies	(14,205)	(11,932)
Value Added Tax	(38)	(62)
Accruals and deferred income	(1,016)	(909)
	(15,259)	(12,903)

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 8. Share Capital

	2018	2017
	£000	£000
Equity:		
Authorised:		
25,000,000 Ordinary Shares of £1 each	25,000	25,000
Issued and fully paid:		
7,500,000 Ordinary Shares of £1 each	7,500	7,500

### 9. Parent Company

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, Partnership House, Carlisle Place, London SW1P 1BX.

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

## JOHN LEWIS CAR FINANCE LIMITED

### Statement of Director's responsibilities in respect of the Strategic report, the Director's report and the financial statements

The Director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director 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 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 Director 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 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.



Patrick Lewis  
Director  
19 July 2018



## **Independent Auditor's report to the members of John Lewis Car Finance Limited**

We have audited the financial statements of John Lewis Car Finance Limited for the year ended 27 January 2018 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

### **Respective responsibilities of Director and auditor**

As explained more fully in the Statement of Director's responsibilities set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Director's report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Director's report:

- we have not identified material misstatements in those reports; 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**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Aimie Keki**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square,  
London,  
E14 5GL

23 July 2018