Registered number: 00233462

JOHN LEWIS PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE 52 WEEK PERIOD ENDED 25 JANUARY 2025

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Contents

Company information

Directors:	Jason Tarry (Chairman) Andy Mounsey
Company Secretary:	Jane Cheong Tung Sing
Registered office:	1 Drummond Gate, Pimlico, London, SW1V 2QQ
Company number:	00233462
Independent auditor:	KPMG LLP 15 Canada Square London E14 5GL

STRATEGIC REPORT
FOR THE 52 WEEK PERIOD ENDED 25 JANUARY 2025

The Directors of John Lewis plc ('the Company' and together with its subsidiaries 'the Group') present the audited consolidated financial statements of the Group and of the Company for the 52 week period ended 25 January 2025.

The Company is the principal trading subsidiary of John Lewis Partnership plc (together with its subsidiaries 'the Partnership'). It owns Waitrose Limited and other companies (see note 29). The Group trades as the Waitrose and John Lewis brands and has around 69,000 employees - or Partners - for whom the Partnership is owned in trust. For the full results for the John Lewis Partnership plc, see John Lewis Partnership plc's Annual Report and Accounts 2025, available at www.johnlewispartnership.co.uk.

Review of performance

Key performance indicators

	2025	2024
Financial performance		
Revenue (£m)	**11,113**	10,781
Profit before tax (£m)	**98**	59
Profit before tax, Partnership Bonus and exceptional items (£m)[1]	**127**	45
Liquidity[2] (£m)	**1,497**	1,708
Borrowings[3] (£m)	**(426)**	(721)

The financial year is the 52 weeks ended 25 January 2025 (prior year: 52 weeks ended 27 January 2024).

[1] Profit before tax, Partnership Bonus and exceptional items (PBTBE). Additional detail is included in the Glossary section in the John Lewis Partnership plc's Annual Report and Accounts 2025. Partnership Bonus is £nil for 2024/25 and 2023/24 and exceptional items are described in note 2.5 on pages 40-41.
[2] Liquidity is the cash and cash equivalents, short-term investments and undrawn committed credit facilities available to us, which we can use to settle liabilities as they fall due.
[3] Borrowings consist of borrowings, less unamortised bond transaction costs and the fair value adjustment for hedged elements on bonds.

OUR PERFORMANCE

Transformation delivering solid progress

- Profit before tax and exceptional items increased from £45m to £127m
- Profit before tax grew from £59m to £98m, up 66%
- Sales[4] rose by 3% year-on-year, up from £12.4bn to £12.8bn. Revenue[5] was £11.1bn, up 3%
- Operating profit margin[6] improved to 2.0%, up 0.8 percentage points year-on-year
- Customer numbers grew by 2% over the year
- Cash generated from operations[7] increased by £99m to £527m, up 23%
- Repaid £300m Bond from cash reserves resulting in the lowest borrowings since 2002
- Strong balance sheet with total liquidity of £1.5bn
- Investing a further £114m in Partners' pay and up to £600m in business transformation; after careful consideration, we have prioritised this investment over sharing a Bonus this year

The John Lewis Group, home to Waitrose and John Lewis, reports a significant improvement in financial performance for the full year 2024/25 as profit before tax and exceptional items increased from £45m to £127m.

Our full year performance demonstrates solid progress on our multi-year transformation plan as we maintain our focus on 'Brilliant Retail'.

Profit before tax increased by 66% from £59m to £98m. Group sales were £12.8bn, up 3% year-on-year, while total revenue was up 3% to £11.1bn. Operating profit margin increased 0.8 percentage points to 2.0% as our sharp focus on productivity showed benefits. Cash generated from operations was £527m, up £99m (23%) year-on-year.

More customers shopped with our brands this year, up 2%, and we saw growth in our loyalty schemes: My Waitrose up 7% to 4.6 million active members and My John Lewis up 11% to 3.7 million.

We invested a third more in 2024/25 in our business than the prior year and intend to step up our transformation plan in the year ahead, backed by planned self-funded investment of up to £600m. We will continue to invest in improving the customer experience through store refurbishments and openings, technology upgrades and supply chain modernisation.

Our balance sheet remains strong. Total liquidity[8] closed the year at £1.5bn and we have the lowest levels of borrowings since 2002 after repaying a £300m bond in January 2025. We made recurring productivity savings of £255m this year, while growing customer satisfaction, with total benefits of £667m realised since 2021, on track towards our £900m target by January 2026.

As employee-owners, we have a shared responsibility to ensure the Group is sustainable over the long term. We've consistently said that at this point in our transformation, this is best served by investing in our retail businesses and in Partners' base pay. We are increasing overall pay by £114m in 2025, building on the £116m increase in 2024.

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[4] All references to Partnership sales or sales are Total trading sales which includes VAT, sale or return, and other non-cash accounting adjustments.

[5] Revenue is Total trading sales, less VAT, sale or return and other non-cash accounting adjustments.

[6] Operating profit margin is operating profit before exceptional items and property profit/(loss) as a percentage of revenue. Additional detail is included in the Glossary section in John Lewis Partnership plc's Annual Report and Accounts 2025.

[7] Net cash generated from operating activities before Partnership Bonus and bond finance costs.

[8] Including undrawn credit facility of £420m.

Waitrose
Sales grew 4.4% to £8.0bn, revenue grew 4.7% to £7.5bn and volumes were up 2.6% as Waitrose continued its positive momentum. Investment in Waitrose's quality food proposition and lower prices - together with further improvements in technology and availability - helped drive this growth. Adjusted operating profit was £227m, up £122m as sales growth combined with productivity improvements delivered profit momentum. Operating margin doubled year-on-year to 3.0%.

Our focus on being the home for food lovers through innovation yielded strong results through:

- Investing in our ranges including the relaunch of Waitrose No.1 contributed to a 5.9% increase in sales of Waitrose own brand products. We also forged successful Groups with exciting brands including Ottolenghi, WildFarmed and Gymkhana;
- Continuing our focus on lowering prices with £61m invested during the year, which means we have invested £150m since introducing New Lower Prices in 2023;
- Winning more Compassion in World Farming awards than any other supermarket and winning the best customer service award from *The Grocer* for the fourth year in a row;
- Opening the first Waitrose shop in six years with a convenience store in Hampton Hill, London, and revealing plans for a pipeline of new stores in the future;
- Refurbishing 14 Waitrose stores with new concepts as part of our store modernisation programme, delivering strong sales growth; and
- Growing on-demand grocery sales by 110% in the year and entering a new partnership with Just Eat, adding to Uber Eats and Deliveroo. We are also reaching even more customers through expanded relationships with Welcome Break and Shell.

John Lewis
Sales and revenue were in line with last year, at £4.8bn and £3.6bn respectively, ahead of the market with momentum building across the year. Adjusted operating profit was £45m, down £16m. Overall, operating profit margin fell from 1.7% to 1.2%. This year has been pivotal for our business in what remains a challenging environment for the sector. We have taken steps to invest in the performance of John Lewis. Our focus has been on providing even better value through the return of the Never Knowingly Undersold promise, improved customer service and better product ranges.

The strategy has shown early success, with the business experiencing contrasting halves within the year. The first half saw a 3% decrease in sales and a £24m drop in adjusted operating profit due to investments in growth. Marked improvement in the second half led to a 3% increase in sales and £8m growth in adjusted operating profit, creating momentum for the future.

John Lewis made major strides forward in the year by:

- Relaunching Never Knowingly Undersold, with improvements seen across all key metrics - from driving incremental sales and attracting new customers, to a 6pts gain in the second half on our 'net promoter score' and better value for money perceptions;
- Good Christmas performance with 4.1% year-on-year sales growth over the eight weeks of peak, industry celebrated Christmas advertising campaigns and 'Brand Buzz', as measured by YouGov, at its highest for four years;
- Investing across our store estate, attracting customers to brand new Beauty Halls in Oxford Street, High Wycombe and Cheadle; new Tech concepts in computing and exciting branded shop fits across Home and Fashion; as well as forging partnerships with brands including Waterstones, Jamie Oliver and Caffè Nero;
- Introducing new and in-demand brands, with more than 200 launches from the likes of Marc Jacobs and Sign of the Times in Fashion, Made and Ruggable in Home, the Oura Ring in Tech and Trinny London in Beauty;

- Capitalising on retail technology - including digital headsets, mobile payments and mobile ticket printing - which are improving customer service and efficiency;
- Enhancing omnichannel through 'deliver from store' fulfillment - where online orders can be shipped by our stores and not just our warehouses - which is improving availability and sales.

Building complementary businesses for the long term

John Lewis Money, our financial services business, launched new products and payment methods, generating additional revenue and enhancing our retail businesses. The Partnership Card customer base grew 6% in the year.

Outlook

While we expect the macroeconomic environment to continue to be challenging for our customers and our business, we are confident in our strategy. Our improved cash generation and strong liquidity allow us to invest significantly in the year ahead - a planned £600m - to enhance our customer proposition.

We are making solid progress and have much more to achieve. By relentlessly focusing on our customers' needs, delivered by our brilliant Partners, we will pursue the headroom for growth that exists in our retail brands. We expect to see a further increase in profitability in 2025/26.

SECTION 172(1) STATEMENT AND STATEMENTS ON ENGAGEMENT WITH EMPLOYEES, 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 interests 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 leadership team, which manages the Company's and Group's business as part of the Partnership's governance structure. In carrying out their duties, the Directors have had in mind the Partnership's Purpose, which is set out in the Partnership's Constitution (available online at 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 Partnership's 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 John Lewis Partnership plc's Annual Report and Accounts 2025.

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, including its ultimate beneficial owners - 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, the Partnership's three governing authorities, is to safeguard the Partnership's future, enhance its prosperity and ensure its integrity.

Key stakeholders and community and environmental impact

When it is carrying forward that aim, and aligned to our Purpose, the Board keeps in mind the impact the Group has on different stakeholder groups. These stakeholders include: our customers, whose needs we respond to and with whom we aim to build long-term relationships; our producers and suppliers from whom we purchase goods and services; the communities and localities in which we operate; and our financial stakeholders, including the Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc financial bonds. Alongside these, engagement with campaign groups and non-governmental organisations, particularly those working on ethics and sustainability, is key. Partners - who are more than employees and, under the Partnership's ownership model, are owners of the business - are fundamental to bringing the diverse group of stakeholders together to collectively deliver our Purpose. Information on the engagement methods in the Partnership, which are used by the Company's Directors, are on pages 23 to 29 of John Lewis Partnership plc's Annual Report and Accounts 2025.

Partners

Our Purpose is clear that, as owners of the business, Partners are more than employees and share knowledge, power and profit. The Constitution empowers all Partners to shape the future of the Partnership. Hearing

Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model.

Partners receive updates about the Partnership from regular dialogue with management, email updates, podcasts, vlogs, the Partner Intranet, and through the weekly independent Gazette publication. For any change programmes with the potential to impact Partners, the Company ensures that those programmes meet appropriate consultation requirements and are also undertaken with a focus on the wellbeing of, and support for, Partners whose employment may be affected. Further information on the engagement methods in the Partnership, which are used by the Company's Directors, and on the democratic structures used to hear Partner views are on pages 23 to 24, 43 to 46 and 77 to 78 of John Lewis Partnership plc's Annual Report and Accounts 2025.

Customers

We take pride in making our customers happy. We put everything we have into everything we do, earning the loyalty and trust that we need to be successful. Our Partners support this by providing specialist expertise, curation and advice to our customers. The Partnership aims to offer its customers the best value in the marketplace for goods and services of comparable quality and availability. The Group's own brand ranges offer quality products for every budget, and we offer enhanced payment and credit services. We continually strive to optimise our customer experience by monitoring key customer metrics including Brand Advocacy via Net Promoter Score and Customer Satisfaction, reviewing performance against our historic measures and also our competitive market set.

The Partnership's customer research teams are the voice of the customer, 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, contact centres and external data sources. We also manage a dedicated Customer Perspectives Panel allowing deep dives, concept testing and more collaborative research on new services and products, to ensure we understand the customer engagement and reaction ahead of launches. Regular customer reports are produced for management and Directors, tracking and reviewing emerging trends, as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making.

Producers and suppliers

A strong, trusted and transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. It is the strong working relationships we form that allow us to source high quality, more sustainable and ethical products for our customers.

The Board monitors relationships with the Group's suppliers in a number of ways including: review by the Partnership's Audit and Risk Committee (ARC) of compliance with the Groceries Supply Code of Practice; and the Partnership's Ethics and Sustainability Committee (ESC)'s oversight of the steps the Group is taking to meet its ethics and sustainability (E&S) goals, to improve the livelihoods of those who grow, pick, pack or make our products and to prevent modern slavery and human trafficking in our business and supply chains. Our Responsible Sourcing Code of Practice (RSCOP) sets out our expectations of all suppliers on issues such as pay, working hours, child labour, worker rights and representation. In addition, we have a number of supplier-facing policies which cover a broad range of areas from animal welfare to timber sourcing standards. Further information is available at www.johnlewispartnership.co.uk/csr.

The Group engages with suppliers in a number of ways, including through our dedicated online supplier portals, supplier conferences and forums such as The Waitrose Farming Partnership (which encompasses the Livestock Steering Group, Fish Forum and Agronomy Group), and a number of programmes and advocacy work including The John Lewis Better Jobs Programme and The Waitrose Foundation.

Communities in which we operate
In line with our Purpose, we are working in Partnership for a happier world. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Group to support where help is needed.

The Board monitors relationships with communities in which we operate via the ESC, including the Partnership's response to the increasing social challenges faced by today's society. The Partnership engages on matters impacting communities via a number of channels including our national charity partnerships. We select national charity partners that support our ambition to improve the lives of those most vulnerable in the community and with a geographical presence matching our estate where possible, giving our Partners the opportunity to make a difference locally.

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 the Partnership's financial updates and announcements, which gives them an opportunity to hear and engage with the Directors and senior management. We maintain an open and collaborative relationship with our pension trustee, providing financial information and proactive engagement ahead of material transactions.

Environmental impact
The Group has identified the following areas of focus within its E&S strategy to address its environmental impact:

- **Circularity and waste:** to help reduce the environmental impact of our business activity we must, where possible, transform our business model to support the transition to a more circular economy. We must design, make and sell products that limit waste and pollution, and keep materials in use for longer;
- **Agriculture:** animal welfare, farming practices, and their impact on our global climate, are of increasing concern and importance to the Partnership;
- **Aquaculture and fisheries:** helping drive positive change to conserve and ensure the sustainable use of the oceans and marine resources for generations to come;
- **Raw material sourcing:** we are 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 our products and services can have on people, animals and the natural environment;
- **Climate action:** climate change continues to be one of the biggest threats to our planet. We must reduce our consumption, find renewable alternatives, and look critically at our impact across our entire value chain and take action;
- **Biodiversity:** we are committed to protecting and enhancing biodiversity and to reversing existing negative effects of biodiversity loss.

The Board monitors environmental impact via the ESC, 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 Group's reputation for its standard of business conduct is a key driver of customer perception of our brands. All Partners are expected to contribute to the maintenance of high standards, 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 and Group form 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are the most significant risks to achieving our strategy, considering the potential impact and likelihood of occurrence. Oversight and monitoring takes place formally on a quarterly basis within the Partnership's risk management framework. You can read more about this on pages 32 to 37 of John Lewis Partnership plc's Annual Report and Accounts 2025.

Managing our principal risks

The external risk environment in which we operate, with a range of existing, evolving and new emerging risks, continues to be challenging. The Partnership Plan is our strategic response to this and its effective operationalisation is our single most important mitigation.

Movement in risk exposure versus last year: Increased ⇑ Decreased ⇓ No movement ⇔

1. Change delivery	⇔
Risk Change activity does not realise the desired benefits to agreed timelines and drives unforeseen cost and consequences. **Key causes and consequences** Operating model and transformational change complexity combined with the volume and pace of the change required and capacity to deliver/receive change, could result in increased costs, disruption to trade, poor customer and Partner experience and missing our transformation ambitions. **Alignment to Partnership Purpose** Happier people, Happier business, Happier world	**Mitigations** ● End-to-end change and transformation team organisational structure refreshed to align to the new operating model and embedded across the organisation ● Business plan reviewed and agreed by the Partnership Board aligned to strategy delivery goals ● Multi year transformation plan defined and transformation roadmap regularly refreshed and aligned to the business plan ● Finance and governance processes simplified and in place with regular reporting, oversight and monitoring. **Owner** Chief Transformation & Technology Officer **Oversight** Executive Team and Partnership Board
2. Productivity	⇓
Risk We cannot make sufficient improvement in our productivity levels to deliver the necessary step change in financial performance. **Key causes and consequences** Inability to make a cultural step change to achieve a productivity mindset, alongside the pace of change being too slow with insufficient resource and capability to land the change required; combined with external economic	**Mitigations** ● Monthly performance review to the Executive Team and Partnership Board on scorecard metrics and productivity goals ● Continued delivery of gross margin improvement initiatives and cost reduction activity ● Regular internal engagement with Partners on financial performance and productivity to reinforce goals and progress and reinforce productivity behaviours at all levels, every day **Owner** Chief Financial Officer **Oversight**

pressures like inflation, this could mean that we fail to deliver the productivity savings required to fund the Partnership Plan and profit to deliver our Purpose. **Alignment to Partnership Purpose** Happier people, Happier business	Executive Team and ARC
3. Information security	⇔
Risk The Partnership suffers a loss of key customer, Partner and/or commercially sensitive data leading to financial, regulatory, legal, operational and reputational issues. **Key causes and consequences** External and internal threats including ransomware, accidental or malicious mis-use of data and/or systems, and risks within our supply chain could expose the Partnership to loss of key customer, Partner or business data, causing internal and/or external reputational damage, interruption of IT service and trading, fines, unforeseen costs and regulatory consequences. **Alignment to Partnership Purpose** Happier people, Happier business	**Mitigations** ● A comprehensive five year cyber security strategy, aligned with the Partnership Plan, addressing the evolving threat landscape and legal/regulatory requirements ● Well-established governance framework - including information security policies and standards and an AI security standard - supported by a monthly steering group and underpinned by mandated security training for Partners and third parties ● Regular independent assessment of the information security programme's maturity to provide valuable benchmarking data and guide future improvement initiatives ● Continued execution of a multi year technology transformation ● Regular security testing of systems, applications, networks, processes, and personnel to identify and remediate vulnerabilities ● A highly skilled and experienced Information/Cyber Security team committed to continuous professional development **Owner** Chief Transformation & Technology Officer **Oversight** Executive Team and ARC
4. Strategic resilience	⇔

Risk
Our strategy may not respond to the changes in the external environment sufficiently or fast enough to secure the future success of the Partnership, and/or it may not be sufficiently clear or compelling to inspire and engage Partners.

Key causes and consequences
Reduced margins due to changing customer behaviour and confidence - exacerbated by the fast-evolving geopolitical landscape - and competitor activity, coupled with a lack of alignment on priorities and/or a lack of a clear strategic vision may result in an inability to sustain financial performance and meet customer needs.

Alignment to Partnership Purpose
Happier people, Happier business, Happier world

Mitigations
- Next phase of the Partnership Plan shared at the start of 2024, focused on 'Brilliant retail that delights our customers and is inspired by Partners'
- New enterprise-wide operating model for the Partnership in place supported by capability and refreshed behaviours
- Priorities and investment plan communicated to Partners to ensure engagement
- Oversight and monitoring of progress against the strategy through quarterly reporting and scorecard metrics
- Regular external review of market, consumer and competitor trends and emerging risks with the potential to materially impact the strategy and business plan
- Continued engagement with Government and regulators directly and through trade groups

Owner
Chief Financial Officer

Oversight
Executive Team and Partnership Board

5. Customer proposition ⇓

Risk
Failure to deliver profitable, market-leading propositions to inspire our customers and maintain competitive advantage.

Key causes and consequences
Poor customer insight, range, quality, pricing strategy, lack of investment and/or availability of products or competitor disruption could negatively impact the customer proposition and its competitiveness, leading to loss of customers, erosion of profit margins, reputational damage and failure to deliver growth plans.

Alignment to Partnership Purpose
Happier people, Happier business, Happier world

Mitigations
- Continued development of high quality, innovative propositions, tested with customers for relevance and consideration such as the Waitrose convenience offering, price and health-based food campaigns and meal deals this year. In John Lewis the Never Knowingly Undersold brand promise returned in autumn 2024 and the ship from store proposition was launched
- Differentiation on own brand products in Home, Fashion, Waitrose No.1, Essentials and Duchy, and further development of John Lewis Money
- Online payment enhancements and more personalised offers
- Customer and competitor activity and performance metrics monitored, evaluated and responded to
- Improved My John Lewis and My Waitrose benefits and member-only events and promotions, driving increased membership
- Investment in our brand-defining physical estate, alongside smaller scale investment across our portfolio

Owner
Managing Directors, Waitrose, John Lewis and New Businesses

Oversight
Executive Team and Partnership Board

6. Operational resilience ⇔

Risk
Inability to prevent, remedy, and recover from a major/sustained business interruption, due to a loss of

Mitigations
- Incident, crisis management and IT disaster recovery plans in place and tested to respond to emergent incidents. Post-incident review and lessons-learned processes in place to ensure continuous improvement
- Partnership resilience policy supported by an established assurance framework

key IT systems; premises (including plant/equipment) or suppliers. **Key causes and consequences** Complex legacy IT estate requiring significant investment, upgrades and/or replacement; greater operational dependency on third parties to deliver key services; significant required investment in the physical estate; and/or siloed ways of working. **Alignment to Partnership Purpose** Happier people, Happier business	● Vendor onboarding and contract management controls requiring third parties to undergo business continuity and compliance assessments ● Appropriate insurance policies ● Continued delivery of technology modernisation and operational investment projects ● Ongoing assessment of climate impact on operational resilience processes, plans and mitigating activity **Owner** Chief Financial Officer **Oversight** Executive Team and ARC
7. Partner differentiation	⇓
Risk The responsibilities and benefits of membership are not sufficiently felt and experienced by Partners and/or do not drive a distinctive and better business in service of our Purpose. **Key causes and consequences** Pressure on pay, scale of Partnership transformation ongoing, and lack of clarity on, and tangible impact of, the responsibilities and rewards of being a Partner could lead to Partners not feeling or delivering a differentiated experience, leading to Partner and customer dissatisfaction. **Alignment to Partnership Purpose** Happier people, Happier business	**Mitigations** ● Clear purpose statement articulating why we exist, who we are and the guiding principles that drive us: Happier people, Happier business and Happier world ● Written Constitution that sets out how power is shared between our members and representative bodies and the Rules and values of the Partnership, the role of Partners within that, and key aspects of our distinctive character ● Partner Difference is a central element of the Partnership Plan and People strategy ● Clear Partnership behaviours focusing on our distinctiveness - including what it means to be a co-owner in our business - embedded throughout the Partner lifecycle ● Regular Partnership Council and Forum meetings to ensure Partner voice is heard in decision-making ● Financial and wider business performance shared transparently with Partners ● 90 day 'earning membership' process to ensure that all new Partners are right for our business and our business is right for them, and ensuring that new Partners understand our model ● Differentiated policies and benefits which bring to life how we treat each other as co-owners, enhanced wellbeing services and access to Partnership hotels and leisure facilities ● Financial assistance fund and support to help Partners manage their finances **Owner** Chief People Officer **Oversight** Executive Team and Partnership Board
8. Customer experience	⇓
Risk Customers do not receive differentiated, excellent customer service across touchpoints. **Key causes and consequences** Systems, data, processes and the store environment impact service quality and convenience in store and online, resulting in declining customer experience and loyalty, and a gap	**Mitigations** ● Differentiated, personal service from Partners across Waitrose and John Lewis to provide excellent customer experience across all physical and digital touchpoints, supported by customer listening and insight, training and addressing customer pain points ● Customer insight data and key performance indicator review, including Have Your Say, customer satisfaction, customer voice (including complaints and queries such as through contact centres), mystery shoppers, product availability and Net Promoter Score ● Alignment of Partner availability and activities to evolving customer needs ● Ongoing focus on service training across John Lewis and Waitrose

between customer expectation and reality. **Alignment to Partnership Purpose** Happier people, Happier business	• Expert advice provision to more customers through John Lewis customer advice appointments across beauty, personal styling, nursery consultations and home; and Waitrose embodied personal service in its counters offer **Owner** Managing Directors, Waitrose and John Lewis **Oversight** Executive Team and Partnership Board
9. Regulatory non-compliance	⇔
Risk Failure to comply with key regulatory requirements. **Key causes and consequences** Lack of awareness, understanding or control of key and/or changing regulatory requirements could have legal, reputational and/or financial damage which, depending on scale, could cause major trading disruption. **Alignment to Partnership Purpose** Happier people, Happier business, Happier world	**Mitigations** • Policies and standards for areas of regulatory compliance are shared across the Partnership and regularly reviewed. Second line assurance provision in key areas of regulatory activity • Regular review by senior management of mandatory training completion rates • Clear Executive accountability for each key regulatory area. • Horizon scanning for new/changing regulations and the potential Partnership impact and response • Globally recognised safety standard, ISO 45001, in place • A confidential whistleblowing process allowing Partners to raise concerns anonymously • Financial services quality assurance framework in place, including Consumer Duty legislative requirements **Owner** All Executive Team members **Oversight** Executive Team, ARC and ESC
10. Partner wellbeing	⇓
Risk Partners' sense of wellbeing is threatened by societal and organisational uncertainty and change. **Key causes and consequences** Pressure on Partners relating to the cost of living challenges, anxiety from external social geopolitical instability, the longer term impact of the pandemic (in respect of both physical and mental health and social impacts) and/or significant organisational change and job insecurity could lead to deterioration in Partner wellbeing, increased absence, loss of talent and failure to deliver the Partnership Plan. **Alignment to Partnership Purpose** Happier people	**Mitigations** • Implementation of a health and wellbeing strategy which clearly connects wellbeing and our Purpose • Wellbeing support services including occupational health and financial support tools to provide Partners with mental and physical health, emotional, financial and bereavement support • Partner Choice offerings (non-financial rewards and benefits) monitored and refreshed regularly • Management support to Partners through transformation and change • Routine measurement, monitoring and oversight of Partner wellbeing maintained with rolling Partner surveys and benchmarking against the UK population • Wellbeing champions embedded in every location/function **Owner** Chief People Officer **Oversight** Executive Team and Partnership Board

11. Ethics and sustainability ⇓	
Risk Failure to live up to our ethics and sustainability ambition. **Key causes and consequences** Our Partnership Plan and Purpose are centrally concerned with rising stakeholder expectations, economic pressures, increasing competitor activity, broad and complex supply chains, and the necessity of investment in systems, processes, data, and people. Failure to effectively manage our ethics and sustainability risks could result in a loss of trust from our customers, Partners and stakeholders; eroding brand value and jeopardising delivery of the Partnership Plan, in addition to potential legal and financial implications impacting our ability to operate. **Alignment to Partnership Purpose** Happier world	**Mitigations** ● Regular oversight and challenge on performance against ethics and sustainability goals through Board-level Ethics and Sustainability Committee ● Partnership Human Rights policy and framework in place and shared for awareness ● Commitments to ethical compliance for the products we sell in both Waitrose and John Lewis; stringent animal welfare requirements; and reduced plastics/packaging and operational food waste ● Net zero science-based targets validated by the Science Backed Targets initiative (SBTi) ● Dedicated agricultural supply chains in key product categories ● Transparency on our E&S ambitions, through external targets and reporting e.g. Ethics and Sustainability Report and Human Rights Report ● Continued focus on developing our approach to climate transition planning ● Net zero operations targets embedded into our financial planning, decision-making frameworks and performance reporting ● Committed investment in low carbon vehicle acquisition ● Ongoing monitoring of energy consumption **Owner** Managing Director, New Businesses **Oversight** Executive Team and ESC

Looking ahead

Our principal risks will continue to be monitored through our governance framework as we manage overall Partnership Plan delivery. Quarterly risk reporting will continue to track adherence to agreed targets for each principal risk, in support of Partnership-wide scorecard reporting and achievement of the principal risk performance metric. Risk will remain integrated in business planning processes and support future strategy development. Decision-making will be supported by a schedule of deep dive assessments over principal and emerging risks, hot and strategic topics, such as the role of AI, third party risk management and the sourcing and security of global supply chains.

Alongside this scheduled activity, our risk culture will continue to mature as we maintain our focus on developing risk management behaviours, embed the new risk appetite statement across leadership and extend the delivery of risk refresher training this year to ensure that our processes and terminology are embedded further in commercial decision-making and more consistently across the Partnership to manage risk.

VIABILITY STATEMENT

In John Lewis Partnership plc's Annual Report and Accounts 2025, the Partnership Board considers the viability of the Partnership as a whole which includes the Group.

The Directors therefore have a reasonable expectation that the Group will remain commercially viable over the three-year period of assessment. An overview of the process undertaken to reach this conclusion was provided to, and reviewed by, the Partnership's ARC (see pages 38 to 40 of John Lewis Partnership plc's Annual Report and Accounts 2025).

Approved by the Directors on 10 April 2025 and signed on behalf of the Board.

Jason Tarry
Director, John Lewis plc
10 April 2025

DIRECTORS' REPORT
FOR THE 52 WEEK PERIOD ENDED 25 JANUARY 2025

The Directors present their report and the audited consolidated financial statements for the 52 week period ended 25 January 2025.

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, and having due regard to the interests of, employees and key stakeholders - pages 8 to 11;
- Risk management - pages 11 to 16;
- Future business developments - pages 7 and 16.

Principal activity
The Company is incorporated and registered in England and Wales. The principal activity of the Group is retailing, with the main trading operations being the Waitrose and John Lewis Lines of Business. John Lewis operates in a number of different formats including 34 John Lewis stores, online (johnlewis.com), in-home services, and sourcing offices in Gurgaon, India and Kwun Tong, Hong Kong. Waitrose operates 315 supermarkets and convenience shops in the UK and Channel Islands, online (waitrose.com and specialist sites for wine and garden), and the Leckford Estate (the Waitrose Farm). Shops also operate under licence in the Middle East and through partnerships with Welcome Break and Shell in the UK. The two Lines of Business work closely together, enhancing customer choice. The Partnership's financial services business principally offers credit, insurance and foreign currency products to customers in the UK. There are also hotels, manufacturing activities, customer contact centres, and business to business contracts in the UK and abroad. The Company's subsidiaries and related undertakings are listed in note 29 on page 107.

Directors
The Directors of the Company who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Sharon White (resigned 12 September 2024)
Jason Tarry (appointed 12 September 2024)
Nish Kankiwala (resigned 26 March 2025)
Bérangère Michel (resigned 6 September 2024)
Andy Mounsey (appointed 6 September 2024)

Corporate governance statement
The Company, as the principal trading subsidiary of John Lewis Partnership plc, falls within the governance auspices of the Partnership. All of the Directors of the Company are members of the Partnership's Executive Team and Executive Directors on the Partnership Board.

The Company's corporate governance arrangements are in accordance with policies agreed by the Partnership Board and its committees. These arrangements are explained in the Governance Report on pages 43 to 81 of John Lewis Partnership plc's Annual Report and Accounts 2025. As stated in John Lewis Partnership plc's Annual Report and Accounts 2025, the Partnership does not report against any formal corporate governance code, because it is governed by its own Constitution. The Constitution and the governance structures are broadly consistent with the Wates Principles. The Constitution sets out the Partnership's Purpose and Values, and the Governance Report in John Lewis Partnership plc's Annual Report and Accounts 2025 sets out how the

Partnership's governing authorities are structured and monitor alignment of policy and behaviour with the Purpose.

The management functions responsible for preparing the consolidated financial statements for John Lewis plc and its Internal Audit and Risk management functions are provided by the Partnership. The ARC, which has at least two independent members and at least one member with recent and relevant financial experience, assists the Partnership Board in fulfilling its responsibility by reviewing and monitoring (i) the integrity of the Partnership's financial and narrative statements, other formal announcements relating to the Partnership's financial performance, and reviewing significant financial reporting judgements contained in them; (ii) the effectiveness of the Partnership's system of internal controls and risk management; (iii) the effectiveness of the Partnership's auditor and the external audit process; (iv) the effectiveness of the work of the Partnership's internal audit function; and (v) the effectiveness of the Partnership's processes for compliance with laws and regulations, including whistleblowing and systems and controls for the detection of fraud. Its composition and the ARC's activities in these areas are detailed in the Partnership's Audit and Risk Committee report on pages 52 to 61 of John Lewis Partnership plc's Annual Report and Accounts 2025.

KPMG LLP were the Partnership's and the Group's external auditor for 2024/25. They provided the ARC with relevant reports, reviews, information and advice throughout the year, as set out in their engagement letter. The ARC is responsible for making a recommendation to the Partnership Board relating to the appointment, re-appointment or removal of the external auditor.

The Partnership implements a risk management framework which clearly defines the processes we follow to identify, evaluate, manage and monitor the principal risks faced by the Partnership, supported by a governance structure with defined accountability. This includes a process for how we identify, evaluate, manage and monitor the principal risks faced by the Partnership, supported by tools, Partners and a risk governance structure with defined accountability. The principal risks and uncertainties for the Group and their mitigations are explained on pages 11 to 16 of the Strategic Report. These risks are reviewed and monitored by the ARC. The work undertaken by the ARC during the year to review these risks is detailed in the Partnership's Audit and Risk Committee report on pages 52 to 61 of John Lewis Partnership plc's Annual Report and Accounts 2025.

During the year under review, reporting to the ARC was through presentations from management as well as the work of the Partnership's internal audit function, which provides independent and objective assurance on the effectiveness of controls through the delivery of a risk-based work plan. The Partnership's Director of Risk and Assurance reports operationally to the Chair of the ARC and structurally to the Partnership's Chief Financial Officer. The Partnership Board receives updates, through the Chair of the ARC and copies of its minutes, on the operation of the systems of internal control.

Employees

The Constitution of the Partnership provides for the democratic involvement of our Partners as co-owners of the business. Partners are provided with extensive information on all aspects of business operations and are encouraged to take an active interest in promoting its commercial success.

The Partnership has in place a structure for sharing power amongst Partnership Council (which reflects Partner opinion), the Partnership Board and the Partnership Chairman, as established by the Constitution. The Partnership's democratic network of an elected Council and Forums enables Partners of all levels and experience to participate in decision-making, challenge management on performance and have a say in how the business is run. As a business run on democratic principles, local leaders work with Partners to agree the best way to hear and respond to Partners' voices within their branch or department – we call this Local Voice. There are further formal ways in which democratic vitality is encouraged: open journalism through the Gazette; through the work of the Democratic Vitality Team, which seeks to gather and promote the communication of Partner opinion; and through the Director of Distinctive Character (a Partner who is independent from executive accountabilities and is appointed by, and reports to, the Partnership Chairman).

Partners may receive an annual Partnership Bonus from the profits of the business if approved by the Partnership Board in any given year. This is a shared bonus for shared effort. As in the previous year, no Partnership Bonus was awarded in respect of 2024/25.

Equal opportunities, diversity and inclusion

The Group is committed to promoting equal opportunities in employment for existing Partners and for prospective Partners throughout the recruitment process. All Partners and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. These are known as 'Protected Characteristics'.

The Group continues to prioritise diversity and inclusion, and embed inclusion into its core operations to create a more successful business. The Partnership has a Diversity and Inclusion Plan, and the Belonging at JLP Report (2024 report available at www.johnlewispartnership.co.uk, 2025 report to be published in June 2025) sets out the steps the Partnership is taking to achieve its aim to become the UK's most inclusive business. It is underpinned by the following Rules contained in the Constitution:

- **Rule 54:** The Partnership takes no account of age, sex, marital status, sexual orientation, ethnic origin, social position or religious or political views.
- **Rule 55:** The Partnership employs disabled people in suitable vacancies and offers them appropriate training and careers.

The Group recruits people with disabilities to suitable vacancies on merit. We offer tailored support through the recruitment process for applicants who declare their disability. We know adjustments are of the utmost importance for our Partners with disabilities, be they physical or cognitive, and arrange reasonable adjustments required at an individual level to ensure our disabled applicants and Partners are supported. The Partnership's Ability Network champions ability and disability in everybody so everyone can be themselves and feel included at work.

For further information, see John Lewis Partnership plc's Annual Report and Accounts 2025 at pages 9 to 10 in the Strategic Report and pages 68 to 69 in the Nomination Committee report. The Partnership's Pay Gap Report can also be viewed at www.johnlewispartnership.co.uk.

Directors' interests

Under the Constitution of the Partnership, all the Directors, as employees of John Lewis plc, are 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 other Partnership companies.

The Company maintains procedures that allow for the review of potential conflicts of interest. Directors are required to declare pertinent interests and absent themselves from any discussion that might give rise to a conflict of interest. A register of interests is maintained by the Company Secretary and reconfirmed every six months.

During the year, no Director declared a material interest in any contract of significance with the Company or any of its subsidiary undertakings, other than any third party indemnity between each Director and the Company.

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.

Capital structure
At 25 January 2025, the Company had in issue 6.75m ordinary shares of £1 each. Each ordinary share carries the right to one vote at a general meeting of the Company. The ordinary shares are wholly owned by John Lewis Partnership plc.

Listing on the London Stock Exchange (LSE)
John Lewis plc has one corporate bond listed on the LSE. The Company has no securities carrying voting rights admitted to trading on a regulated market.

Dividends
The Directors do not recommend the payment of a dividend on the ordinary shares (2023/24: £nil).

Use of financial instruments
The notes to the financial statements, including note 7 from pages 87 to 90, include further information on our use of financial instruments.

Going concern
The Directors, after reviewing the Group's operating budgets, investment plans and financing arrangements, consider that the Company and Group have sufficient financing available at the date of approval of this report. Accordingly, the Directors have concluded that the Group is a going concern and the financial statements have been prepared on that basis. Refer to pages 28 to 29 for further detail.

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 4 to 17

Political donations
It is the Partnership's policy not to make donations to political groups or those acting with the express purpose of seeking changes to the law or political policy. No political donations were made in respect of the year under review (2023/24: £nil).

Ethics and sustainability
More information on the progress we are making on our ethics and sustainability aims is available in John Lewis Partnership plc's Ethics and Sustainability Report 2024/25. To read this and our latest Modern Slavery Statement, please visit www.johnlewispartnership.co.uk/csr.

Events after the balance sheet date
Since 25 January 2025, there have been no subsequent events which require disclosure in the financial statements. See note 8.3 for further information.

Auditor and disclosure of information to auditor

The auditor, KPMG LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed to the 2025 Annual General Meeting, together with a resolution to authorise the Directors to determine the auditor's remuneration.

The Directors have taken all reasonable steps to make themselves aware of any information needed by the Group's auditor in connection with preparing their report and to establish that the auditor is aware of that information. As far as the Directors are aware, there is no such information of which the Group's auditor is unaware.

Approved by the Directors on 10 April 2025 and signed on behalf of the Board.

Jane Cheong Tung Sing
Company Secretary
10 April 2025

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT for the 52 week period ended 25 January 2025

Our revenue minus our incurred expenses showing the Group's overall profit for the 52 week period.

Notes		**2025**	2024
		£m	£m
2.1, 2.2	**Revenue**	**11,113**	10,781
	Cost of sales	**(7,549)**	(7,391)
	Gross profit	**3,564**	3,390
2.3	Other operating income	**123**	124
2.4	Operating and administrative expenses	**(3,491)**	(3,365)
	of which:		
2.5	Exceptional items (net)	**(29)**	14
	Partnership Bonus	**-**	-
3.5	Share of profit of joint venture (net of tax)	**1**	1
2.1	**Operating profit**	**197**	150
2.6	Finance costs	**(165)**	(138)
2.6	Finance income	**66**	47
2.7	**Profit before tax**	**98**	59
2.8	Taxation	**(16)**	(15)
	Profit for the financial year	**82**	44
	Profit before Partnership Bonus, tax and exceptional items	**127**	45

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 25 January 2025

Profit as shown in the income statement plus other income and expenses not yet realised, giving total comprehensive income for the 52 week period.

Notes		2025	2024
		£m	**£m**
	Profit for the financial year	**82**	44
	Other comprehensive (expense)/income:		
	Items that will not be reclassified to profit or loss:		
6.4	Remeasurement of defined benefit pension scheme	**(64)**	(191)
2.8	Movement in deferred tax on pension scheme	**16**	46
2.8	Movement in current tax on pension scheme	**-**	1
	Items that may be reclassified subsequently to profit or loss:		
	Fair value loss on cash flow hedges	**(1)**	(11)
2.8	Movement in deferred tax on cash flow hedges	**(3)**	4
	(Loss)/gain on foreign currency translations	**(1)**	1
	Other comprehensive expense for the financial year	**(53)**	(150)
	Total comprehensive income/(expense) for the financial year	**29**	(106)

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

CONSOLIDATED BALANCE SHEET as at 25 January 2025

A financial snapshot of the Group, showing our assets and how they are financed.

Notes		**2025** **£m**	2024 £m
	Non-current assets		
3.1	Intangible assets	**371**	405
3.2	Property, plant and equipment	**2,766**	2,762
3.2	Right-of-use assets	**1,260**	1,290
3.3	Trade and other receivables	**22**	29
3.4	Derivative financial instruments	**1**	1
3.5	Investment in and loans to joint venture	**6**	5
2.8	Deferred tax asset	**59**	55
		4,485	4,547
	Current assets		
4.1	Inventories	**722**	678
3.3	Trade and other receivables	**390**	353
	Current tax receivable	**5**	5
3.4	Derivative financial instruments	**5**	1
4.2	Short-term investments	**153**	260
4.3	Cash and cash equivalents	**924**	1,028
		2,199	2,325
	Total assets	**6,684**	6,872
	Current liabilities		
5.1	Borrowings and overdrafts	**-**	(296)
5.2	Trade and other payables	**(1,762)**	(1,690)
	Current tax payable	**(4)**	(4)
5.3	Other liabilities held at amortised cost	**(2)**	(2)
5.4, 5.5	Lease liabilities	**(152)**	(146)
5.6	Provisions	**(91)**	(99)
3.4	Derivative financial instruments	**(3)**	(15)
		(2,014)	(2,252)
	Non-current liabilities		
5.1	Borrowings	**(426)**	(425)
5.2	Trade and other payables	**(26)**	(29)
5.3	Other liabilities held at amortised cost	**(58)**	(60)
5.4, 5.5	Lease liabilities	**(1,652)**	(1,703)
5.6	Provisions	**(107)**	(115)
3.4	Derivative financial instruments	**-**	(1)
6.4	Retirement benefit obligations	**(363)**	(287)
2.8	Deferred tax liability	**(4)**	(5)
		(2,636)	(2,625)
	Total liabilities	**(4,650)**	(4,877)
	Net assets	**2,034**	1,995
	Equity		
8.1	Share capital	**7**	7
	Other reserves	**1**	(4)
	Retained earnings	**2,026**	1,992
	Total equity	**2,034**	1,995

CONSOLIDATED BALANCE SHEET as at 25 January 2025 (continued)

The financial statements on pages 23 to 91 were approved by the Board of Directors on 10 April 2025 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis plc.

Jason Tarry and Andy Mounsey
Director, John Lewis plc
10 April 2025

Registered number: 00233462

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 52 week period ended 25 January 2025

A reconciliation between the beginning and the end of the 52 week period which discloses profit or (loss), items of comprehensive income/(expense) and any changes in ownership interests.

Notes		Share capital	Capital reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total equity
		£m	£m	£m	£m	£m	£m
	Balance at 29 January 2023	**7**	**1**	**3**	**-**	**2,092**	**2,103**
	Profit for the financial year	-	-	-	-	44	44
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	(191)	(191)
	Fair value gain on cash flow hedges	-	-	(11)	-	-	(11)
2.8	Tax on above items recognised in equity	-	-	4	-	47	51
	Gain on foreign currency translations	-	-	-	1	-	1
	Total comprehensive expense for the financial year	-	-	(7)	1	(100)	(106)
	Hedging gains transferred to cost of inventory	-	-	(2)	-	-	(2)
	Balance at 27 January 2024	**7**	**1**	**(6)**	**1**	**1,992**	**1,995**
	Profit for the financial year	-	-	-	-	82	82
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	(64)	(64)
	Fair value loss on cash flow hedges	-	-	(1)	-	-	(1)
2.8	Tax on above items recognised in equity	-	-	(3)	-	16	13
	Loss on foreign currency translations	-	-		(1)		(1)
	Total comprehensive income for the financial year	-	-	(4)	(1)	34	29
	Hedging losses transferred to cost of inventory	-	-	10	-	-	10
	Balance at 25 January 2025	**7**	**1**	**-**	**-**	**2,026**	**2,034**

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

CONSOLIDATED STATEMENT OF CASH FLOWS for the 52 week period ended 25 January 2025

The Group's cash inflows and outflows analysed by various key activities.

Notes		2025	2024
		£m	£m
2.10	**Cash generated from operations before Partnership Bonus**	**642**	525
	Net taxation (paid)/received	**(7)**	5
	Pension deficit reduction payments	**-**	(7)
	Finance costs paid on lease and other liabilities	**(108)**	(95)
	Net cash generated from operating activities before Partnership Bonus and bond finance costs	**527**	428
	Partnership Bonus paid	**-**	-
	Finance costs paid in respect of bonds and related financial instruments	**(35)**	(35)
	Net cash generated from operating activities	**492**	393
	Cash flows from investing activities		
	Purchase of property, plant and equipment	**(190)**	(155)
	Purchase of intangible assets	**(133)**	(112)
	Proceeds from sale of property, plant and equipment and intangible assets	**-**	82
	Finance income received	**2**	41
	Cash Inflow from loans to joint venture	**61**	1
5.4	Cash inflow/(outflow) from short-term investments	**107**	(260)
	Net cash used in investing activities	**(153)**	(403)
	Cash flows from financing activities		
	Payment of capital element of leases	**(141)**	(143)
5.3	(Payments)/proceeds in relation to other liabilities at amortised cost	**(2)**	62
	Cash proceeds from borrowings	**-**	131
	Cash outflow from borrowings	**(300)**	(50)
	Net cash used in financing activities	**(443)**	-
	Decrease in net cash and cash equivalents	**(104)**	(10)
5.4	Net cash and cash equivalents at beginning of the year	**1,028**	1,038
	Net cash and cash equivalents at end of the year	**924**	1,028
4.3	**Net cash and cash equivalents comprise:**		
	Cash at bank and in hand	**158**	147
	Short-term deposits	**766**	881
		924	1,028

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

Notes to the consolidated financial statements

1 ACCOUNTING INFORMATION

1.1 ACCOUNTING PRINCIPLES AND POLICIES

PURPOSE
We prepare our financial statements in compliance with UK-adopted international accounting standards (UK-adopted IFRS). We have set out our significant accounting policies in these notes. These have been applied in the current reporting period, and comparative period (unless stated otherwise), and apply to the financial statements as a whole. All of the Group's accounting policies are set in line with the requirements of UK-adopted IFRS. Changes to significant accounting policies are described in note 1.1.4.

COMPANY INFORMATION
The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

1.1.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention, with the exception of certain land and buildings which are included at their deemed cost amounts, and financial assets and financial liabilities (including derivative financial instruments) which are valued at fair value through profit or loss. These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS).

The preparation of consolidated financial statements in conformity with UK-adopted IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting estimates and key judgements made by management are disclosed in note 1.1.6.

The financial year is the 52 week period ended 25 January 2025 (prior financial year: 52 week period ended 27 January 2024). See the glossary section in John Lewis Partnership plc's Annual Report and Accounts 2025 on pages 159 to 164 for an explanation of financial terms.

Going concern
In determining the appropriate basis of preparation of the financial statements for the period ended 25 January 2025, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the approval of these financial statements. The Board has concluded that the Group is a going concern and the Annual Report and Accounts have been prepared on that basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group.

The Group has made solid progress this year through a combination of sales growth and operating margin improvement. There is more to do to deliver the Partnership Plan and a transformation of this scale carries inherent risks but the Group has a strong balance sheet to support this transformation and high levels of liquidity to provide sufficient financial cover in the event of a severe but plausible downside scenario (described below). As at 25 January 2025, the Group had total assets less current liabilities of £4.7bn and net assets of £2.0bn. Liquidity as at that date remains strong at £1.5bn, made up of £1.1bn of cash and cash equivalents and short-term investments and an undrawn £0.4bn committed credit facility.

The Directors have modelled a severe but plausible downside scenario ('severe downside scenario') which reflects a deeper economic downturn and under-delivery of the Partnership Plan. This scenario combines selected impacts with consistent assumptions to the scenarios disclosed in the viability statement. The modelling covers the going concern assessment period, being the 12 month period ending 10 April 2026. For the purposes of the going concern assessment, it is assumed that all Group borrowings are repaid at their maturity date, and that no further refinancing or funding is undertaken.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.1 BASIS OF PREPARATION (CONTINUED)

Going concern (continued)

The severe downside scenario has a significant adverse impact on sales, margin, costs and cash flow: Waitrose and John Lewis continue to trade both in store and online, albeit with lower sales and margins compared to current trading levels. This severe downside scenario assumes a poor trading environment throughout the assessment period, as well as a reduction in gross margin against expectations across both Lines of Business, a higher impairment charge, a decrease in pension scheme assets, and under-delivery of key activities - which includes future productivity plans. The impact of the severe downside adjustments has been reviewed against the Group's projected cash position and financial covenants.

During the going concern period, in the severe downside scenario and without needing to implement mitigating actions, the Group's financial covenants are not breached. In the severe downside scenario, the Group's lowest cash balance would still be positive, at over £350m, prior to mitigations. The committed credit facility of £420m would remain undrawn.

Despite this, in reaction to a severe downside scenario, the Directors may choose to trigger downside mitigations to protect the financial health of the Group. The Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and improve the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be considered in the event of the severe downside scenario materialising. Mitigating actions include, but are not limited to, reducing investment expenditure through postponing or pausing projects and change activity, deferring or cancelling discretionary spend (including discretionary Partner benefits), and reducing marketing spend.

If outcomes are unexpectedly significantly worse, the Directors may need to consider what additional mitigating actions were needed, for example, leveraging the value of our asset base to support liquidity.

Consequently, the Directors have concluded that the Group and 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 Annual Report and Accounts and therefore have prepared the financial statements on a going concern basis.

1.1.2 BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the results for the Company and all entities controlled by the Company including its subsidiaries and the Group's share of its interest in joint ventures made up to the 52 week period ended 25 January 2025.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.3 SUBSIDIARIES AND RELATED UNDERTAKINGS

Subsidiary undertakings are all entities over which the Group has control. Control exists when the Group has the power to direct the relevant activities of an entity so as to affect the return on investment. Joint ventures are investments for which the Group shares joint control with a third party. All intercompany balances, transactions and unrealised gains are eliminated upon consolidation.

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 25 January 2025. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
Carlisle Place Ventures Limited (in liquidation)	02829583
Dishpatch Limited	12605276
Herbert Parkinson Limited	00318082
JLP Scotland Limited[1]	SC370158
John Lewis Car Finance Limited	04328890
John Lewis International Limited	07501166
John Lewis Finance Limited	15785347
John Lewis Partnership Pensions Trust	00372106
John Lewis PT Holdings Limited	07106855

[1] Registered office is John Lewis & Partners Edinburgh, 60 Leith Street, Edinburgh, EH1 3SP.

The following UK subsidiaries will take advantage of the exemption from preparing and filing individual accounts as set out within section 394A(1) and 448A of the Companies Act 2006 for the 52 week period ended 25 January 2025. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
Buy.Com Limited	03709785
Jonelle Jewellery Limited	00223203
Jonelle Limited[1]	00240604
Peter Jones Limited	00285318
The Odney Estate Limited	02828420

[1] Jonelle Limited has three classes of shares, each with a nominal value of £1.

In accordance with Section 479C of the Companies Act 2006, John Lewis Partnership plc or John Lewis plc guarantee all outstanding liabilities to which the subsidiary companies listed in the tables above are subject at the end of the financial year, until they are satisfied in full. The guarantee is enforceable against John Lewis Partnership plc or John Lewis plc as the parent undertaking, by any person to whom the subsidiary companies listed above are liable in respect of those liabilities.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.4 AMENDMENTS TO ACCOUNTING STANDARDS

The following standards, amendments and interpretations were applicable for the periods beginning after 1 January 2024 and therefore adopted by the Group for the period from 28 January 2024 to 25 January 2025. The adoption of these standards has not had a significant impact on the Group's consolidated results, financial position or disclosures:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 17 Insurance Contracts: Supplier Finance Arrangements;
- Amendments to IFRS 16 Lease liability in a Sale and Leaseback.

The Group is assessing the impact of the following new and amended standards, which have been issued or are awaiting endorsement by the UK Endorsement Board:

- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for periods starting on or after 1 January 2025);
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (effective for periods starting on or after 1 January 2026);
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for periods starting on or after 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements (effective for periods starting on or after 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for periods starting on or after 1 January 2027).

1.1.5 SIGNIFICANT ACCOUNTING POLICIES

Where significant accounting policies are specific to a particular note, they are described within that note. Other significant accounting policies are included below.

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in financial markets, including foreign exchange rates, interest rates and certain commodity prices. Derivative financial instruments used by the Group include forward currency and commodity forward contracts and interest rate swaps.

Derivative financial instruments are initially measured at fair value. The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date. Subsequent to initial recognition, unless designated as hedging instruments, derivatives are measured at fair value and any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting has been adopted for derivative financial instruments where possible. At the inception of designated hedging relationships, the risk management objective and strategy for undertaking the hedge is documented. Additionally, the Group documents the economic relationship between the item being hedged and the hedging instrument, and a qualitative and forward-looking approach is taken to assess whether the hedge will be effective on an ongoing basis. At the end of each financial reporting period, for each derivative financial instrument, prospective testing is performed to ensure that the economic relationship remains, the impact of credit risk on changes in values is reviewed, and the hedging ratio is reassessed.

Hedge accounting is discontinued when the hedging instrument matures, is terminated or exercised, the designation is revoked or it no longer qualifies for hedge accounting.

Notes to the consolidated financial statements (continued)
1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)
1.1.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A cash flow hedge is a hedge of the exposure to variability of cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. The effective portion of changes in the intrinsic fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. All other changes in fair value are recognised immediately in the income statement within other gains or losses. When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. Derivative financial instruments qualifying for cash flow hedge accounting are principally forward currency contracts.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability. Derivative financial instruments qualifying for fair value hedge accounting are principally interest rate swaps.

The table below sets out the Group's accounting classification of each class of its financial assets and liabilities:

	Note	Measurement
Financial assets:		
Trade receivables	3.3	Amortised cost
Other receivables	3.3	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]
Short-term investments	4.2	Amortised cost
Cash and cash equivalents	4.3	Amortised cost
Financial liabilities:		
Borrowings and overdrafts	5.1	Amortised cost
Trade payables	5.2	Amortised cost
Other payables	5.2	Amortised cost
Accruals	5.2	Amortised cost
Partnership Bonus accrual	5.2	Amortised cost
Other liabilities held at amortised cost	5.3	Amortised cost
Lease liabilities	5.4, 5.5	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]

[1] Cash flow hedges designated as being in a hedged relationship upon initial recognition are measured at fair value with the effective portion of any changes in the intrinsic value recognised in equity.

Notes to the consolidated financial statements (continued)
1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)
1.1.5 SIGNIFICANT 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, any bank overdrafts presented in current liabilities reflect there is no intention or legal right to offset with any cash balances.

Foreign currencies
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. On translation of assets and liabilities in foreign currencies, movements go through the foreign currency translation reserve.

Government grants
The Group accounts for government grants on an accruals basis and has elected to present receipts relating to government grants as a deduction in reporting the related expense.

1.1.6 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and 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 judgements concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and management's key judgement in respect of presentation are:

Areas of key risk	Note	Critical accounting estimates and key judgements
Exceptional items	2.5	Key judgements
Impairment	3.2	Critical accounting estimates and critical accounting judgements
Retirement benefits	6	Critical accounting estimates

Notes to the consolidated financial statements (continued)

1.2 ALTERNATIVE PERFORMANCE MEASURES

PURPOSE

Our financial statements disclose financial measures which are required under UK-adopted IFRS. We also report additional financial measures that we believe enhance the relevance and usefulness of the financial statements. These are important for understanding underlying business performance, and they are described as alternative performance measures (APMs). In this note, we have explained what the primary APMs are and why we use them; these APMs may not be comparable with similarly labelled APMs of other companies. For definitions, and where applicable, reconciliations of other APMs, please see the glossary section in John Lewis Partnership plc's Annual Report and Accounts 2025 on pages 159 to 164. Alternative performance measures do not replace IFRS requirements.

1.2.1 TOTAL TRADING SALES

Total trading sales represents the full customer sales value including VAT as reported weekly to the Group's Executive Team, before adjustments for 'sale or return' sales and other accounting adjustments. This measure shows the headline sales trend and is used by the Executive Team to assess the performance of our Lines of Business.

1.2.2 ADJUSTED OPERATING PROFIT

Adjusted operating profit is an alternative performance measure derived from Operating profit. It excludes exceptional items, profit or loss on disposal of assets, net interest, bonus and tax. These items are outside of the control of the segments and are a function of the Group decision making process.

Adjusted operating profit is calculated for each segment using a direct and indirect allocation methodology to allocate centrally incurred costs to segments. Direct costs are those costs which are directly identifiable by segments. Indirect costs are the remaining costs which are incurred centrally for multiple segments and are allocated to a segment in order to assess performance, allocate future spend and manage targetry. The allocation is apportioned to each segment based on the type of spend. It is set at the start of each yearly budget/forecasting cycle and reviewed during the year.

The allocation of such central incurred costs to segments represents a change compared to the previously reported APM (Trading Operating Profit) and better reflects the controllable elements of the segment performance. Consequently, Adjusted operating profit is used by the Board to assess the performance of all Lines of Business and determine the allocation of resources to those segments.

1.2.3 EXCEPTIONAL ITEMS

The separate reporting of exceptional items helps to provide an indication of the Group's underlying business performance. Exceptional items relate to certain costs or incomes that individually or collectively, are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, each of the following:

- Whether the item is outside the ordinary course of the business;
- The specific circumstances which have led to the item arising;
- The likelihood of recurrence.

The reversal of an exceptional item is recorded in the income statement line it was originally charged to.

1.2.4 PROFIT BEFORE PARTNERSHIP BONUS, TAX AND EXCEPTIONAL ITEMS (PBTBE)

Profit before Partnership Bonus, tax and exceptional items is presented at the foot of the consolidated income statement. This measure is important as it allows for a comparison of the Group's underlying profitability, and is a core measure of performance for Partners.

1.2.5 NET DEBT

Net debt incorporates the Group's consolidated borrowings, bank overdrafts, fair value of derivative financial instruments and lease liabilities, less cash and cash equivalents, short-term investments and unamortised bond transaction costs. This measure indicates the Group's debt position, excluding any pension deficit/surplus.

Notes to the consolidated financial statements (continued)

2 GROUP PERFORMANCE

2.1 SEGMENTAL REPORTING

PURPOSE

During the year we analysed our performance between our three reporting segments, Waitrose, John Lewis and Other Group, which includes John Lewis Money and Enterprise. This analysis is consistent with how our Executive Team reviewed performance throughout the year.

ACCOUNTING POLICIES

Segmental reporting: *The Group's reporting segments are determined based on the internal financial reporting to the chief operating decision-maker (CODM), which is the Executive Team. Our segments are: John Lewis, Waitrose and Other Group (which includes John Lewis Money and Enterprise). The Executive Team reviews the operating performance of our Lines of Business using two alternative performance measures: Total trading sales and Adjusted operating profit.*

Partnership Bonus: *Whether to award a Partnership Bonus is decided by the Partnership Board each March, having regard to performance in the past year and future financial obligations. The Partnership Bonus is recorded in the year it relates to rather than the year it was declared because there is a constructive obligation to pay a Partnership Bonus and the amount can be reliably estimated once the results for the year are known.*

IFRS 8 Operating Segments requires operating segments to be identified based on the way in which the Group's internal financial reporting is organised and regularly reviewed by the CODM to allocate resources and to assess the performance of the different operating segments.

During the year, the internal financial reporting to the CODM changed: the CODM now reviews performance by Line of Business from sales to Adjusted operating profit. The Lines of Business are Waitrose, John Lewis, John Lewis Money and Enterprise. Enterprise represents costs specific to running the Group, which cannot be influenced or controlled at the Line of Business level.

This year, our reportable segments are Waitrose and John Lewis. The Other Group segment comprises John Lewis Money and Enterprise, which have been combined because these segments do not require separate reporting as they do not make up more than 10% of sales, profit or assets. Previously, Waitrose and John Lewis were the only two reportable segments disclosed.

As a result of this change, the Group no longer reports Trading operating profit and now reports Adjusted operating profit (see note 1.2), which best reflects the controllable elements of segment performance and allocation of resources. The segmental disclosures have been updated accordingly.

Notes to the consolidated financial statements (continued)
2.1 SEGMENTAL REPORTING (CONTINUED)

2025	John Lewis	Waitrose	Other Group[1]	Total
	£m	£m	£m	£m
Total trading sales	**4,763**	**7,997**	**-**	**12,760**
Value added tax	(773)	(456)	-	(1,229)
Sale or return and other accounting adjustments	(349)	(69)	-	(418)
Revenue	**3,641**	**7,472**	**-**	**11,113**
Adjusted operating profit/(loss)[2]	**45**	**227**	**(47)**	**225**
Other operating expenses - exceptional items				(29)
Profit on property disposals				1
Operating profit				**197**
Operating profit margin[3]	1.2%	3.0%		2.0%
Other segmental information:				
Depreciation and amortisation[4]	(206)	(302)	(10)	**(518)**

[1] Other Group includes John Lewis Money and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £117m (split between operating segments: £47m Waitrose, £48m John Lewis and £22m Other Group) represents further income from customers. This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.

2024 - restated[5]	John Lewis	Waitrose	Other Group[1]	Total
	£m	£m	£m	£m
Total trading sales	**4,765**	**7,661**	**-**	**12,426**
Value added tax	(772)	(443)	-	(1,215)
Sale or return and other accounting adjustments	(349)	(81)	-	(430)
Revenue	**3,644**	**7,137**	**-**	**10,781**
Adjusted operating profit/(loss)[2]	**61**	**105**	**(41)**	**125**
Other operating expenses - exceptional items				14
Profit on property disposals				11
Operating profit				**150**
Operating profit margin[3]	1.7%	1.5%		1.2%
Other segmental information:				
Depreciation and amortisation[4]	(189)	(295)	(11)	**(495)**

[1] Other Group includes John Lewis Money and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £116m (split between operating segments: £41m Waitrose, £50m John Lewis, and £25m Other Group) represents further income from customers (restated, see note 2.1 above). This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is Adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.
[5] See note 2.1 above.

Notes to the consolidated financial statements (continued)

2.2 REVENUE

PURPOSE

Revenue is generated solely from contracts with customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

ACCOUNTING POLICIES

Revenue: *We evaluate our revenue with customers based on the five-step model under IFRS 15 Revenue from Contracts with Customers: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to separate performance obligations, and (5) recognise revenues when (or as) each performance obligation is satisfied. We generate our revenue from the sale of goods or from providing services to our customers.*

Revenue from the sale of goods and services is recognised when the Group has satisfied its performance obligations by transferring a promised good or service to the customer. The good or service is considered to be transferred when the customer obtains control of that good, or the service is complete. Revenue in respect of 'sale or return sales' which represents concession income is stated at the value of the margin that the Group receives on the transaction. The Group acts as an agent in such arrangements as it does not own legal title to the inventory and has the right to return any unsold goods to suppliers. Revenue is also net of Partner and customer discounts and VAT, adjustments for the sale of free warranties and adjustments for expected customer returns. Revenue is recognised in respect of sales under bill and hold arrangements when the buyer takes control of the asset, even if it has not physically been transferred to the customer. Revenue under bill and hold arrangements is not recognised when there is an intention to acquire from the customer.

Sales of gift vouchers and gift cards are treated as contract liabilities, as payment has been received for a performance obligation which will be performed at a later point in time. Revenue is recognised when the gift vouchers or cards are redeemed against a later transaction. Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry. Certain entities within the Group sell products with a right of return, and experience is used to estimate and provide for the value of such returns at the time of sale. This is further discussed in note 4.1.

Business is predominantly carried out in the United Kingdom and gross sales and revenue derive almost entirely from that source.

2.2.1 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

We analyse our revenue between goods and services. Goods are split into four major product lines: Grocery, Home, Fashion and Technology. Services currently comprise free warranties on selected goods.

	2025 £m	2024 £m
Major product lines:		
Goods		
– Grocery	**7,443**	7,112
– Home[1]	**978**	1,021
– Fashion[1]	**1,214**	1,225
– Technology	**1,361**	1,315
Services		
– Free warranty	**17**	17
Other revenue	**100**	91
	11,113	10,781

[1] Included in the revenue for Home and Fashion categories are £3m and £201m respectively (2024: £3m and £209m respectively) relating to concession income from sales or return transactions.

Notes to the consolidated financial statements (continued)
2.2 REVENUE (CONTINUED)
2.2.2 REVENUE RECOGNITION POLICIES

Nature and timing of satisfaction of performance obligations
The major product and service lines generating revenue are Grocery, Home, Fashion and Technology.

Grocery products are principally sold by Waitrose and include food, drink, household and other items. Additionally, fuel sales and food halls are shown here. Customers pay at the point of sale in Waitrose shops. Where a grocery product is ordered online, it is fulfilled by a Waitrose shop or customer fulfillment centre. Customers are charged on the day of delivery.

Home products are principally sold by John Lewis and include items intended for use in the home environment. Fashion products are principally sold by John Lewis and include clothing, footwear, beauty, jewellery and other items. This also includes 'sale or return' sales. Technology products are principally sold by John Lewis and include televisions, computers, tablets and other electrical items. Customers pay at the point of sale in John Lewis shops. Where a product is ordered online, it is generally fulfilled from a centralised location.

Revenue from Grocery, Home, Fashion and Technology is recognised when the goods have been received by the customer and control obtained. Waitrose and John Lewis accept returns in accordance with a customer's statutory rights under consumer laws in the United Kingdom and have a discretionary goodwill policy. Under the goodwill policy, customers can return products up to 35 days after receipt, if not entirely satisfied. Adjustments to revenue are recorded for returns where material, based on historic trends and recent sales patterns. The right to return goods is included under inventory, note 4.1. For business to business customers, invoices are raised and are payable on a variety of payment terms up to 30 days.

Free warranties
A free service guarantee is provided with certain Technology products which are sold by John Lewis. Customers receive a free warranty of between two and five years on the purchase of specified Technology products. No separate payment is made for this free service guarantee.

When such Technology products are sold with a free warranty an element of the sales price is allocated to the performance of that service, estimated on a cost plus margin basis. This amount is deducted from revenue and deferred on the balance sheet. Revenue is then released to the income statement over the period of the guarantee on a straight-line basis. Deferred income is shown under trade and other payables, see note 5.2.

Other revenue
Other revenue products/services are principally sold by John Lewis and include catering and the non-redemption revenue relating to gift vouchers and gift cards that are never redeemed or expire unredeemed. Customers obtain control of other revenue products/services when the products/services have been rendered and the performance obligations have been met.

Customers pay at the point of sale in John Lewis shops. Where other revenue products/services are ordered online, it is generally fulfilled from a centralised location.

Revenue is recognised when the products/services have been received by the customer and the performance obligations have been met.

Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry.

Notes to the consolidated financial statements (continued)

2.3 OTHER OPERATING INCOME

PURPOSE

Other operating income is income that does not satisfy the definition of revenue in that it does not relate to the main trading operations of the Group.

ACCOUNTING POLICIES

Other operating income includes:

Commissions, backhauling, car park income and licence fees: *Income is recognised when the Group has satisfied its performance obligation by delivering a promised service to the customer in accordance with the transaction price agreed.*

Rental income: *Rental income is recognised on a straight-line basis based over the length of the contract and when the performance obligation of the contract is satisfied.*

Other commission income: *Other income is recognised when the services have been rendered to the customer and performance obligations have been met.*

	2025	2024
	£m	£m
Commissions	**86**	85
Rental income	**9**	9
Backhauling income	**7**	8
Car park income	**9**	9
Licence fees	**5**	4
Other commission income	**7**	9
	123	124

Other commission income mainly relates to concession income and data provision for industry research. It is made up of items that individually are not material and no other material groups were considered to be shown.

2.4 OPERATING AND ADMINISTRATIVE EXPENSES

PURPOSE

We analyse operating expenses into shop and online operating expenses and administrative expenses, as well as exceptional items and Partnership Bonus. Shop and online operating expenses are directly associated with the sale of goods and services. Administrative expenses are those which are not directly related to the sale of goods and services.

	2025	2024
	£m	£m
Shop and online operating expenses	**(2,262)**	(2,233)
Administrative expenses	**(1,200)**	(1,146)
Exceptional items (net) - see note 2.5	**(29)**	14
Partnership Bonus	**-**	-
	(3,491)	(3,365)

Notes to the consolidated financial statements (continued)

2.5 EXCEPTIONAL ITEMS

PURPOSE

Exceptional items are items of income/expense that are significant by virtue of their size and nature (see note 1.2.3). We believe these exceptional items are relevant for a better understanding of our underlying business performance, and exceptional items are therefore highlighted separately on the face of the income statement. This note provides detail of the exceptional items reported in both the current and prior year.

KEY JUDGEMENTS

Exceptional items: *Exceptional items are those where, in management's opinion, their separate reporting provides a better understanding of the Group's underlying business performance; and which are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the ordinary course of the business; the specific circumstances which have led to the item arising; the likelihood of recurrence; and if the item is likely to recur, whether it is unusual by virtue of its size.*

No single criterion alone classifies an item as exceptional, and therefore management must exercise judgement when determining whether, on balance, presenting an item as exceptional will help users of the financial statements understand the Group's underlying business performance.

	2025 Operating (expense)/ income £m	**2025 Taxation credit/ (charge) £m**	2024 Operating (expense)/ income £m	2024 Taxation credit/ (charge) £m
Strategic restructuring and redundancy programmes:				
Productivity	**(32)**	**8**	(11)	3
Physical estate	**(8)**	**2**	10	(3)
Central operations reviews	**-**	**-**	1	-
	(40)	**10**	-	-
Store impairments - John Lewis	**(6)**	**3**	8	(6)
Store impairments - Waitrose	**17**	**(1)**	6	-
	(29)	**12**	14	(6)

Strategic restructuring and redundancy programmes

Our refreshed Partnership Plan is focused on providing a brilliant retail experience for our customers, inspired by our Partners. During the year, a number of ongoing transformation projects which were announced in previous years have continued. These are across our physical estate, shop operations and central operations.

The costs incurred over the life of the change programmes outlined are significant in value and, given the level of change, they are significant in nature, therefore the Group considers them exceptional items to provide a more meaningful view of the Group's underlying business performance. The financial impacts of these programmes are detailed below.

Notes to the consolidated financial statements (continued)
2.5 EXCEPTIONAL ITEMS (CONTINUED)

Productivity: Improving our productivity through being leaner, simpler and faster is a key pillar of the Partnership Plan. In 2025, a charge of £32m (2024: £11m) has been recorded, which is principally the redundancy and project costs for the reorganisations of central teams and John Lewis retail.

Physical estate: Since 2017, we have been working on our programme of rebalancing our existing estate; this includes ensuring that the size and shape of our physical estate is delivering on both our customer proposition and financial returns. With the launch of the Partnership Plan, and the acceleration of change we have seen in customer shopping behaviour, we have refocused on the need to ensure our stores reflect how our customers want to shop - 'right space, right place' - and as a result we anticipate these changes will extend to 2027/28.

In 2025, the charge of £8m principally relates to the closure of two Waitrose locations; the online customer fulfilment centre in Enfield and the branch in Hall Green, Birmingham. The costs principally comprise redundancy and asset impairment.

In 2024, the release of £10m principally relates to the exit of the lease of a John Lewis store, the closure of which was announced in March 2021. The remaining lease liability was released to exceptional items, consistent with how John Lewis store closures in 2021 and 2022 were recorded.

Store impairments (John Lewis)

In 2025, a net impairment charge of £6m (2024: £8m release) was recognised. The cash flow forecasts for individual John Lewis stores at January 2025 have been updated and risk adjusted for the latest view of future trading, based on a scenario which excludes costs and benefits associated with capital investment.

The updated cash flow forecasts have led to new impairment charges of £89m and a reversal of impairment charges of £83m for existing provisions which were previously charged as exceptional. The charge has been recognised as exceptional in accordance with the accounting policy for exceptional items. See note 3.2 for further detail.

Store impairments (Waitrose)

In 2025, a net impairment release of £17m (2024: £6m release) was recognised. The cash flow forecasts for individual Waitrose stores at January 2025 have been updated and risk adjusted for the latest view of future trading, based on a scenario which excludes costs and benefits associated with capital investment.

The updated cash flow forecasts have led to new impairment charges of £26m and a reversal of impairment charges of £43m for existing provisions which were previously charged as exceptional. The charge has been recognised as exceptional in accordance with the accounting policy for exceptional items. See note 3.2 for further detail.

2.6 NET FINANCE COSTS

PURPOSE

Net finance costs include our costs in respect of interest payable on borrowings, our defined benefit pension, other employee benefit schemes and fair value movements. Finance income includes interest received from short-term deposits, short-term investments and fair value movements.

ACCOUNTING POLICY

Finance costs and income are presented in the consolidated income statement in the period in which they occur. In the consolidated statement of cash flows, finance costs are shown as operating activities and financing income is shown as investing activities. Interest paid on borrowings and other financial instruments has been presented in operating activities.

	2025	2024
	£m	£m
Finance costs		
Net interest payable on:		
Commitment fees and bank overdrafts	**(2)**	(2)
Other loans repayable within five years[1]	**(33)**	(29)
Other loans repayable in more than five years	**(13)**	(12)
Interest payable in relation to lease liabilities (see note 5.5)	**(93)**	(89)
Amortisation of issue costs of bonds and credit facilities	**(2)**	(2)
Interest on other liabilities held at amortised cost	**(2)**	-
Finance costs in respect of borrowings	**(145)**	(134)
Fair value measurements and other	**(1)**	2
Net finance costs arising on defined benefit retirement and employee benefit schemes	**(19)**	(6)
Total finance costs	**(165)**	(138)
Finance income		
Finance income in respect of cash and short-term investments[2]	**66**	48
Fair value measurements and other	**-**	(1)
Net finance income arising on other employee benefit schemes	**-**	-
Total finance income	**66**	47
Net finance costs	**(99)**	(91)

[1] Other loans repayable within five years includes interest payable on interest rate swaps of £10m (2024: £10m).

[2] Finance income in respect of cash and short-term investments includes interest receivable on interest rate swaps of £6m (2024: £6m).

Capitalised borrowing costs totalled £6m (2024: £2m) which were capitalised within intangible assets and property, plant and equipment.

Notes to the consolidated financial statements (continued)
2.7 PROFIT BEFORE TAX

PURPOSE

Detailed below are items (charged)/credited to arrive at our profit before tax as defined by UK-adopted IFRS and required to be reported under UK-adopted IFRS.

	2025 £m	2024 £m
Staff costs (note 2.9)	**(1,869)**	(1,794)
Depreciation[1]	**(348)**	(326)
Amortisation of intangible assets (note 3.1)	**(163)**	(155)
Net (loss)/profit on sale of property (including exceptional items)	**(1)**	10
Net loss on disposal of other plant and equipment and intangible assets	**(3)**	-
Net profit on lease exit[2]	**-**	12
Inventory – cost of inventory recognised as an expense	**(7,549)**	(7,391)
Sub-lease income – land and buildings	**10**	9

[1] Included within depreciation is a net impairment release of £6m (2024:£14m). See note 3.2.

[2] Includes gain from the early termination of lease liabilities, less cost of the corresponding right-of-use asset and any termination payments or receipts.

Total auditor's remuneration is included within administrative expenses and is payable to our auditor, KPMG LLP, as analysed below:

Auditor's remuneration	**2025 £m**	2024 £m
Audit and audit-related services:		
– Audit of the Company and consolidated financial statements	**(1)**	(1)
– Audit of the Company's subsidiaries	**(2)**	(2)
	(3)	(3)
Non-audit services:		
– Other assurance services	**-**	-
	-	-
Total fees	**(3)**	(3)

Non-audit services are other assurance services and amount to £0.1m (2024: £0.1m).

Notes to the consolidated financial statements (continued)

2.8 TAXATION

PURPOSE

Our tax charge for the year is shown below. This includes an explanation of how each item is calculated, a reconciliation of our effective tax rate to the UK standard tax rate, and an update on any tax rate changes. We have placed further explanatory boxes within the note to explain each table.

Our Tax strategy aligns to the Principles of our Constitution and, as a responsible leading retailer, we recognise that paying taxes arising from our activities is an important part of how our business contributes to the societies in which we operate. The Tax strategy adopted by the Partnership Board is available on the Partnership's website. In addition, our total tax contributions are shown on page 42 of the John Lewis Partnership plc's Annual Report and Accounts 2025.

ACCOUNTING POLICIES

Taxation: *Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income/(expense), in which case it is recognised directly in other comprehensive income/(expense).*

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 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.

Notes to the consolidated financial statements (continued)

2.8 TAXATION (CONTINUED)

2.8.1 ANALYSIS OF TAX CHARGE FOR THE YEAR

PURPOSE

The components of our tax charge are below. The tax charge is made up of current and deferred tax. Current tax is the amount payable on the taxable income for the year, and any adjustments to tax payable in previous years. Current tax is charged through the consolidated income statement and consolidated statement of comprehensive income/(expense). Deferred tax is explained in note 2.8.3.

Tax (charged)/credited to the income statement	**2025 £m**	2024 £m
Current tax – current year	**(14)**	(13)
Current tax – adjustment in respect of prior years	**6**	(1)
Total current tax charge	**(8)**	(14)
Deferred tax – adjustment in respect of prior years	**11**	6
Deferred tax – current year	**(19)**	(7)
Total deferred tax charge	**(8)**	(1)
	(16)	(15)

Tax credited/(charged) to other comprehensive income	**2025 £m**	2024 £m
Current tax on pension scheme[1]	**-**	1
Total current tax credit	**-**	1
Deferred tax on pension scheme	**16**	46
Deferred tax on cash flow hedges	**(3)**	4
Total deferred tax credit	**13**	50
	13	51

[1] In 2024, an additional deficit funding contribution of £7m was paid by the Group in relation to the defined benefit pension scheme, resulting in a tax credit of £2m to the statement of other comprehensive income/(expense) and a corresponding reduction in our current tax liability.

Notes to the consolidated financial statements (continued)

2.8 TAXATION (CONTINUED)

2.8.2 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

PURPOSE

Taxable profit differs from profits as reported in the income statement because some items of income or expense may never be taxable or deductible.

The table below shows the reconciliation between the tax charge on profits at the standard UK tax rate and the actual tax charge recorded in the income statement ignoring the effects of temporary differences. The effective tax rate is the tax charge as a percentage of Group profit before tax.

The tax charge for the year (2024: charge) is lower (2024: higher) than the standard corporation tax rate of 25.0% (2024: 24.0%). The differences are explained below:

	2025 £m	2024 £m
Profit before tax	**98**	59
Profit before tax multiplied by standard rate of corporation tax in the UK of 25.0% (2024: 24.0%)	**(25)**	(14)
Effects of:		
Adjustment in respect of prior years	**16**	5
Depreciation on assets not qualifying for tax relief	**(10)**	(12)
Difference between accounting and tax base for land and buildings	**(1)**	5
Differences in overseas tax rates	**1**	1
Sundry disallowables	**1**	3
Other	**2**	(3)
Total tax charge	**(16)**	(15)
Effective tax rate (%)	**16.3**	25.4

2.8.3 DEFERRED TAX

PURPOSE

Deferred tax is the tax expected to be payable or recoverable in the future due to temporary differences that arise when the carrying value of assets and liabilities differ between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of these differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of these differences. Here we show the movements in deferred tax assets and liabilities during the year.

Deferred tax is calculated on temporary differences using the rate of corporation tax which is 25%. The movement on the deferred tax account is shown below:

Deferred tax	2025 £m	2024 £m
Opening net asset	**50**	1
Charged to income statement	**(8)**	(1)
Credited to other comprehensive income	**13**	50
Closing net asset	**55**	50

Notes to the consolidated financial statements (continued)

2.8 TAXATION (CONTINUED)

2.8.3 DEFERRED TAX (CONTINUED)

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

Deferred tax liabilities	**Accelerated tax depreciation £m**	**Revaluation of land and buildings £m**	**Rollover gains £m**	**Other £m**	**Total £m**
At 28 January 2023	(98)	(12)	(48)	(3)	(161)
Charged to income statement	(1)	-	-	-	(1)
Credited to other comprehensive income	-	-	-	4	4
At 27 January 2024	(99)	(12)	(48)	1	(158)
Charged to income statement	(17)	(1)	-	-	(18)
Credited/(charged) to other comprehensive income	-	-	-	-	-
At 25 January 2025	**(116)**	**(13)**	**(48)**	**1**	**(176)**

Deferred tax assets	**Tax losses £m**	**Capital gains tax on land and buildings £m**	**Pensions and provisions £m**	**Other £m**	**Total £m**
At 28 January 2023	75	36	33	18	162
(Charged)/credited to income statement	(3)	(2)	1	4	-
Credited to other comprehensive income	-	-	46	-	46
At 27 January 2024	72	34	80	22	208
Credited/(charged) to income statement	3	4	(1)	4	10
Credited/(charged) to other comprehensive (expense)/income	-	(1)	16	(2)	13
At 25 January 2025	**75**	**37**	**95**	**24**	**231**

The deferred tax asset in relation to the defined benefit pension scheme is £67m (2024: £49m asset).

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset):

Deferred tax	**2025 £m**	2024 £m
Deferred tax assets	**59**	55
Deferred tax liabilities	**(4)**	(5)
Deferred tax net	**55**	50

Notes to the consolidated financial statements (continued)
2.8 TAXATION (CONTINUED)
2.8.3 DEFERRED TAX (CONTINUED)

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. At the year end, the Group had approximately £297m (2024: £284m) of unutilised tax losses. Deferred tax assets have been recognised on the entire amount, the recovery of which is supported by forecasts of future profitability as set out in the Partnership Plan. Current forecasts indicate that losses will be utilised within approximately three years.

The deferred tax balance associated with the pension deficit has been adjusted to reflect the current tax benefit obtained in the financial year ended 30 January 2010, following the contribution of the limited partnership interest in JLP Scottish Limited Partnership to the pension scheme (see note 6.7). The deferred tax assets and liabilities are recoverable after more than one year.

As a result of exemptions on dividends from subsidiaries and capital gains on disposal there are no significant taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements.

2.8.4 FACTORS AFFECTING TAX CHARGES IN CURRENT AND FUTURE YEARS

PURPOSE
Here we explain any changes to the current or future tax rates that have been announced or substantively enacted.

The Group is aware of the Global Anti-Base Erosion Model Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries where they operate. The UK enacted the BEPS (Base Erosion and Profit Shifting) Pillar Two Minimum Tax legislation in July 2023 with effect for accounting periods beginning on or after 31 December 2023. From an initial review of the Group's business and tax profile, we expect the Group's operations in most territories in which it operates to fall within one of the safe harbour exemptions and as a result, top up taxes will not fall due. As a result of our initial review, we do not expect the rules to have a material impact on the Group's tax rate or tax payments.

2.9 PARTNERS

PURPOSE

The average number of Partners employed during the year, together with details of the area of the Group in which they work, and total employment-related costs are shown in the tables below. The average number of full time equivalent employees is 48,100 (2024: 50,800). At the end of the year, our total number of Partners was 66,400 (2024: 70,500). This note also covers Partner benefits, including pay for senior Partners and the Partnership Board.

2.9.1 PARTNER NUMBERS

During the year, the average number of Partners in the Group was as follows:

	2025	2024
John Lewis	**19,400**	20,500
Waitrose	**46,700**	49,600
Other	**2,900**	2,800
	69,000	72,900

2.9.2 PARTNER PAY AND BENEFITS

Employment and related costs were as follows:

	2025 **£m**	2024 £m
Staff costs:		
Wages and salaries	**(1,604)**	(1,538)
Social security costs	**(124)**	(115)
Partnership Bonus	**-**	-
Employers' National Insurance on Partnership Bonus	**-**	-
Other pension charge (note 6.3)	**(134)**	(134)
Long leave cost	**(7)**	(7)
Total before Partner discounts	**(1,869)**	(1,794)
Partner discounts (excluded from revenue)	**(97)**	(99)
	(1,966)	(1,893)

Notes to the consolidated financial statements (continued)
2.9 PARTNERS (CONTINUED)
2.9.3 KEY MANAGEMENT COMPENSATION

	2025 £m	2024 £m
Salaries and short-term benefits	**(8)**	(7)
Post-employment benefits[1]	**(1)**	(1)
Termination provisions[2]	**-**	(1)
	(9)	(9)

[1] Includes cash supplements in lieu of future pension accrual.
[2] Includes contractual payments and compensation for loss of office.

Key management includes the Directors of the Company and other officers of the Group. Key management compensation includes salaries, Partnership Bonus, National Insurance costs, pension costs and the cost of other employment benefits, such as company cars, private medical insurance and termination payments, where applicable. Costs of key management compensation are included within operating expenses and exceptional items as applicable.

Key management participate in the Group's long leave scheme, which is open to all Partners and provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. It is not practical to allocate the cost of accruing entitlement to this benefit to individuals, and therefore no allowance has been made for this benefit in the amounts disclosed.

2.9.4 DIRECTORS' EMOLUMENTS

Directors' emoluments have been summarised below. Further details of the remuneration of Directors is given in the parts of the Remuneration Committee report noted in John Lewis Partnership plc's Annual Report and Accounts 2025 on pages 70 to 76, which can be viewed at www.johnlewispartnership.co.uk.

	2025 £m	2024 £m
Aggregate emoluments	**(3)**	(3)

The total remuneration of the highest paid director in the year was £1,307,000 (2024: £1,179,600).

Notes to the consolidated financial statements (continued)

2.10 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS BEFORE PARTNERSHIP BONUS

PURPOSE

We have analysed how our profit before tax reconciles to the cash generated from our operating activities before Partnership Bonus. Items added back to, or deducted from, profit before tax are non-cash items that are adjusted to arrive at cash generated from operations before Partnership Bonus which is shown in the consolidated statement of cash flows. Profit before tax includes investment costs which are not eligible to be capitalised.

	2025 £m	2024 £m
Profit before tax	**98**	59
Amortisation and write-offs of intangible assets	**163**	155
Depreciation[1]	**348**	326
Share of profit of joint venture (net of tax)	**(1)**	(1)
Net finance costs (see note 2.6)	**99**	91
Partnership Bonus	**-**	-
Loss/(profit) on disposal of property, plant and equipment, intangible assets and early termination of leases	**4**	(22)
(Increase)/decrease in inventories	**(46)**	27
Increase in receivables	**(30)**	(22)
Increase/(decrease) in payables	**61**	(72)
Decrease in retirement benefit obligations	**(3)**	(3)
Decrease in provisions	**(51)**	(13)
Cash generated from operations before Partnership Bonus	**642**	525

[1] Includes a net impairment release (2024: release). See note 3.2.

Notes to the consolidated financial statements (continued)

3 NON-CURRENT ASSETS

3.1 INTANGIBLE ASSETS

PURPOSE

Our balance sheet contains non-physical assets in relation to computer software which are used to support our business and the generation of our profits. This note shows the cost of the assets, which is the amount we initially paid for them, and details any additions and disposals during the year. Additionally, the note shows amortisation, which is an expense in the income statement to reflect the usage of these assets. Amortisation is calculated by estimating how many years we expect to use the assets, which is also known as the useful economic life (UEL). The amortisation charge reduces the initial value of the assets over time spread evenly over their UELs. The value after deducting accumulated amortisation is known as the net book value.

Each year we review the value of our assets to ensure that their expected future value in use (VIU) in the business has not fallen below their net book value. This might occur where there has been a system replacement in the year. If an asset's expected VIU falls below its net book value, this is reflected through an additional impairment expense, which reduces profit.

ACCOUNTING POLICIES

Intangible assets: *Intangible assets, comprising both purchased and internally developed computer software, are carried at cost less accumulated amortisation and impairments. The cost of internally developed software, including all directly attributable costs necessary to create, produce and prepare the software for use, is capitalised where the development meets the criteria for capitalisation required by IAS 38: Intangible Assets. This may include capitalised borrowing costs. Internally developed software assets that are not yet in use are reviewed at each reporting date to ensure that the development still meets the criteria for capitalisation, and is not expected to become impaired or abortive.*

Amortisation: *Once available for use, the purchased or internally developed software is amortised on a straight-line basis over its UEL, which is deemed to be between three and ten years. The assets' UELs are reviewed and adjusted if appropriate at each balance sheet date.*

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. An impairment loss is recognised for the amount by which the asset's amortised cost exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and VIU. The reversal of an impairment loss is recognised immediately as a credit to the income statement, through the income statement line it was originally charged to.*

Notes to the consolidated financial statements (continued)
3.1 INTANGIBLE ASSETS (CONTINUED)

	Computer software			
	Purchased	Internally developed	Work in progress	Total
	£m	£m	£m	£m
Cost				
At 28 January 2023	298	830	85	1,213
Additions[1]	-	-	121	121
Transfers	98	33	(131)	-
Disposals and write-offs	(19)	(55)	(3)	(77)
At 27 January 2024	**377**	**808**	**72**	**1,257**
Additions[1]	-	-	131	131
Transfers	78	51	(129)	-
Disposals and write-offs	(44)	(50)	(2)	(96)
At 25 January 2025	**411**	**809**	**72**	**1,292**
Accumulated amortisation				
At 28 January 2023	(202)	(569)	-	(771)
Charge for the financial year	(67)	(88)	-	(155)
Disposals and write-offs	19	55	-	74
At 27 January 2024	**(250)**	**(602)**	**-**	**(852)**
Charge for the financial year	(80)	(83)	-	(163)
Disposals and write-offs	43	51	-	94
At 25 January 2025	**(287)**	**(634)**	**-**	**(921)**
Net book value at 28 January 2023	96	261	85	442
Net book value at 27 January 2024	127	206	72	405
Net book value at 25 January 2025	**124**	**175**	**72**	**371**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on intangible assets of £3m (2024: £7m).

Intangible assets principally relate to customer and distribution projects with UELs of up to ten years. There are five individually significant assets (2024: five) within the total carrying amount of intangible assets as at 25 January 2025: three are customer projects (£156m, 2024: three projects, £178m) and two relate to distribution projects (£99m, 2024: two projects, £100m). These assets have remaining UELs ranging from three to ten years.

During the year to 25 January 2025, computer software valued at £129m (2024: £131m) was brought into use. This covered a range of selling, support, administration and information technology infrastructure applications, with UELs ranging from three to seven years.

Amortisation of intangible assets is charged within operating expenses.

An impairment test at the Group level compares the Group's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified.

Notes to the consolidated financial statements (continued)

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

PURPOSE

Our balance sheet contains significant property, plant and equipment, and right-of-use assets, primarily comprising assets relating to stores, distribution centres, offices and vehicles.

This note shows the cost of the assets, which is the amount we initially paid for them, or deemed cost if the assets were purchased before 31 January 2004 when the Group transitioned to report under UK-adopted IFRS. For right-of-use assets, the cost is equivalent to the present value of the future lease payments relating to the leased assets. This note also details any additions and disposals during the year, and shows depreciation, which is an expense in the income statement to reflect the usage of these assets. Depreciation is calculated by estimating how many years we expect to use the asset; this is also known as the UEL. The depreciation charge reduces the initial value of the assets over time and spread evenly over their UELs. The value after deducting accumulated depreciation is known as the net book value.

ACCOUNTING POLICIES

Property, plant and equipment: *The cost of property, plant and equipment includes the purchase price and directly attributable costs of bringing the asset into working condition ready for its intended use. This may include capitalised borrowing costs.*

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

Right-of-use assets: *Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities (present value of future lease payments) adjusted for any lease payments made at or before the commencement date, less any lease incentives received. See note 5.5 for the lease liabilities accounting policy.*

Depreciation: *No depreciation is charged on freehold land or 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 the following expected UELs:*

- *Freehold and long leasehold buildings – 25-50 years;*
- *Other leaseholds – over the shorter of the UEL or the remaining period of the lease;*
- *Building fixtures – 10-40 years;*
- *Fixtures, fittings and equipment (including vehicles and information technology equipment) – 3-10 years.*

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 UEL. The assets' residual values and UELs are reviewed and adjusted if appropriate at each balance sheet date.

For right-of-use assets depreciation is calculated on a straight-line basis over the expected UEL 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.

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Impairment testing is performed on cash generating units (CGUs) which are individual stores (including an allocation of online), this being the lowest level of separately identifiable cash flows. An impairment loss is recognised for the amount 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 VIU. VIU calculations are performed using cash flow projections, discounted at a pre-tax post-IFRS 16 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 and recorded through the income statement line it was originally charged to.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

JUDGEMENTS

Depreciation: *Depreciation is recorded to write down property, plant and equipment and right-of-use assets to their residual values over their UELs. Management must therefore estimate the appropriate UELs to apply to each class of asset as set out in the accounting policy above. Changes in the estimated UELs 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. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.*

Application of residual values: *The application of residual values to shell assets on freehold and long leasehold properties is a key accounting judgement that impacts the depreciation charge recognised in respect of these assets. Management has assessed that it is appropriate to apply residual values to these assets as the buildings will retain significant value both during and at the end of their UELs. This residual value could be realised through a sale of the property or a subletting arrangement. Management has therefore concluded that the application of residual values is consistent with the definition set out in IAS 16.*

CRITICAL ACCOUNTING ESTIMATE

Impairment: *In line with the Group's accounting policy, management must assess the VIU and fair value less cost to dispose 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 various factors, in particular future sales and margin performance, future operating costs, the John Lewis online sales allocation and the allocation of central costs. Each of these four areas are critical in estimating the present value of future cash flows. Were there to be significant changes in these assumptions, the amount recognised in respect of impairment during the year could be materially impacted, or impairment charges recognised in previous years may be reversed. The impairment modelling is sensitive to changes and sensitivities are provided to illustrate reasonably plausible alternative scenarios.*

CRITICAL ACCOUNTING JUDGEMENT

Impairment - online sales: *The John Lewis online sales allocation reflects that, as an omnichannel retailer, the presence of a physical store plays an important role in generating and facilitating online sales. Judgement is required in relation to the proportion of online sales and costs allocated to the future cash flows of John Lewis stores to reflect the role that the stores play. The allocation of online sales and costs to the respective stores is based on customer sales data (which identifies omnichannel customers) and physical touchpoints with a store.*

OTHER KEY ASSUMPTIONS

Impairment - central costs: *Central costs are not typically incurred by a CGU including; costs for Head Office functions; Technology and Change, such as IT contracts and expenses; brand-focused marketing costs; and certain Property costs. Judgement is required in relation to the allocation of central costs to each CGU. Central costs are either allocated to a CGU in part, in full or not at all. The allocation considers the nature of each type of cost and its relevance to a CGU.*

Impairment - other: *The Group's impairment modelling contains a number of other inputs and judgements, including the discount rate.*

Notes to the consolidated financial statements (continued)
3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment	**Land and buildings**	**Fixtures, fittings and equipment**	**Assets in course of construction**	**Total**
	£m	**£m**	**£m**	**£m**
Cost				
At 28 January 2023	4,464	1,845	132	6,441
Additions[1]	1	-	152	153
Transfers	71	97	(168)	-
Disposals and write-offs	(87)	(136)	(5)	(228)
At 27 January 2024	**4,449**	**1,806**	**111**	**6,366**
Additions[1]	-	-	203	203
Acquisition-related	-	1	-	1
Transfers	110	30	(140)	-
Disposals and write-offs	(55)	(216)	-	(271)
At 25 January 2025	**4,504**	**1,621**	**174**	**6,299**
Accumulated depreciation				
At 28 January 2023	(2,093)	(1,465)	-	(3,558)
Charge for the financial year[2]	(121)	(92)	-	(213)
Disposals and write-offs	41	126	-	167
At 27 January 2024	**(2,173)**	**(1,431)**	**-**	**(3,604)**
Charge for the- financial year[2]	(91)	(103)	-	(194)
Disposals and write-offs	52	213	-	265
At 25 January 2025	**(2,212)**	**(1,321)**	**-**	**(3,533)**
Net book value at 28 January 2023	2,371	380	132	2,883
Net book value at 27 January 2024	2,276	375	111	2,762
Net book value at 25 January 2025[3]	**2,292**	**300**	**174**	**2,766**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £31m (2024: £22m).

[2] For the 52 week period ended 25 January 2025, this includes an impairment release of £25m in land and buildings (2024: £14m charge) and an impairment charge of £16m in fixtures and fittings (2024: £5m release).

[3] Included within the net book value at 25 January 2025 are £3m (2024: £3m) of owned assets which are outside the Group's normal course of business.

Notes to the consolidated financial statements (continued)

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets	**Land and buildings**	**Fixtures, fittings and equipment**	**Total**
	£m	**£m**	**£m**
Net book value at 28 January 2023	1,285	34	1,319
Additions[1]	79	16	95
Disposals including lease terminations, modifications and reassessments	(11)	-	(11)
Depreciation charge	(104)	(9)	(113)
Net book value at 27 January 2024	**1,249**	**41**	**1,290**
Additions	108	18	126
Acquisition-related	1	-	1
Disposals including lease terminations, modifications and reassessments	(3)	-	(3)
Depreciation charge[2]	(142)	(12)	(154)
Net book value at 25 January 2025	**1,213**	**47**	**1,260**

[1] For the 52 week period ended 27 January 2024, this includes £35m of additions arising from the sale and leaseback of certain plant, property and equipment assets which met the sale criteria under IFRS 15. See also note 5.3.

[2] For the 52 week period ended 25 January 2025, this includes an impairment charge of £3m (2024: £23m release).

In accordance with IAS 36, the Group reviews its property, plant and equipment and right-of-use assets for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Each CGU that shows an indication of impairment is included in the impairment review.

For non-store assets, including corporate assets, these are not allocated to store CGUs as they cannot be reasonably allocated given (i) the complexity of multiple supply chain sites, (ii) the support provided to multiple and varying locations and (iii) the fact that operations are not typically affected by individual store openings or closures. These are subject to an impairment test at the Group level. An impairment test at the Group level compares the Group's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified in the current or prior year.

The impairment review compares the recoverable amount for each CGU to the carrying value on the balance sheet. It considers the VIU of a CGU compared to the carrying value in the first instance, and subsequently the fair value less cost to dispose (FVLCD) if the VIU is lower than the carrying value. For both Waitrose and John Lewis, the VIU calculation is based on three year cash flow projections using the latest forecast data and extended to a fourth and fifth year to adjust for specific cash flows. For John Lewis, different growth expectations are applied to online and store sales. The forecasts are then extrapolated beyond the five year period using a long-term growth rate of 2% for both Waitrose and John Lewis, up to the end of the lease term for leasehold properties and in perpetuity for freehold properties. There are four CGUs for which the recoverable amount is supported by the FVLCD. These are Level 3 assets valued with reference to an active market and other relevant market inputs such as investment value, vacant possession, rental yield and lease terms. The recoverable amounts of all other impaired CGUs are based on the VIU.

The growth rate and operating margins used to estimate cash flows are based on the Group three year plan approved by the Partnership Board which has been risk adjusted for impairment purposes.

The key assumptions used in the VIU calculation are the expected sales and margin performance, operating costs and the allocation of central costs to CGUs. For John Lewis stores specifically, the calculation also includes an allocation of online sales, associated operating costs and an allocation of central costs.

External market valuations are regularly obtained by the Group and used within the consideration of fair value less cost to dispose. This exercise considers the available market for properties.

Notes to the consolidated financial statements (continued)

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Cash outflows that are directly associated with CGUs have been included in the discounted cash flow modelling. These forecast cash flows take account of estimated climate change costs. Certain assets within the CGU are expected to be replaced at the end of their UEL by those that have a lower impact on the environment, such as refrigeration units.

Following the store impairment review, the Group recognised a net impairment release of £12m. Additionally, £3m of impairment charges were recognised primarily related to centrally operated office locations.

John Lewis store impairment

The carrying value of John Lewis plant, property and equipment and right-of-use assets that were subject to impairment testing is £604m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £83m and new impairment charges of £89m. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in, which is against exceptional items for all reversals this year.

Cash forecasts

The calculations use a pre-tax cash flow based on a three year plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales growth and online sales allocation; margin rate which includes the effect of non-capital investment driven cost efficiencies; along with operating and central costs growth assumptions. The plan differentiates between online and store sales, which is relevant to our store CGUs that continue to include an allocation of online sales and associated costs.

Online sales allocation

Judgement is required as to whether online sales and associated costs should be attributed to John Lewis stores for the purposes of impairment evaluation. Our allocation of a proportion of online sales, made by customers who shop both online and in store (omnichannel), reflects the importance of stores to some of our omnichannel customers. This reflects the role our stores play in providing customers with an opportunity to browse, touch and feel our product range before purchasing online. The merchandising of the product offer in our physical estate provides inspiration for our customers who may then choose to purchase online (in particular for larger items and more considered purchases in our Home offer). Online sales are allocated to stores based on the connection of the store to our omnichannel customers and supported by detailed customer data, which is based on the number of branch visits. If no online sales and associated costs were attributed to John Lewis stores, then the impairment charge would be £188m higher.

Discount rate

The pre-tax post-IFRS 16 discount rate of 13.8% (2024: 14.8%) used to discount the cash flows is derived from the John Lewis Weighted Average Cost of Capital (WACC). The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

Notes to the consolidated financial statements (continued)
3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Waitrose store impairment

The carrying value of Waitrose plant, property and equipment and right-of-use assets that were subject to impairment testing is £2,408m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £44m and new impairment charges of £26m. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in; this year £43m has been reversed through exceptional items, with £1m reversing through operating and administrative expenses.

The impairment calculations for Waitrose stores use a pre-tax cash flow based on a three year plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales which includes the recovery of volumes through price investment and year-on-year sales growth; margin rate which includes the effect of cost efficiencies; and operating and central costs growth assumptions. Waitrose online sales are allocated directly to the store that the online order is picked and fulfilled from. Online sales are therefore included in the Waitrose CGUs as the sales are directly attributable to store activity; this is not considered a key judgement.

The Waitrose Customer Fulfilment Centres (CFCs) have been included in the impairment review alongside the store CGUs in a way that reflects the commercial reality that the CFCs are designed to serve specific regional postcodes of the UK alongside the stores.

Discount rate

The pre-tax post-IFRS 16 discount rate of 10.7% (2024: 13.7%) used to discount the cash flows is derived from the Waitrose WACC. The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

Sensitivities in the impairment modelling - John Lewis

The John Lewis impairment estimation is most sensitive to changes in the sales and margin forecasts, as well as the allocation of online sales and costs and the allocation of central costs. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

John Lewis sensitivity adjustment	Net Impairment impact
Sales growth by -2.0%	Additional charge of £47m
Sales growth by +2.0%	Additional release of £47m
Margin rate by -50 bps	Additional charge of £28m
Margin rate by +50 bps	Additional release of £29m
Increase allocation of central costs by 5%	Additional charge of £17m
Decrease allocation of central costs by 5%	Additional release of £17m
Reduction in number of branch visits by online customers by one visit	Additional release of £80m
Increase in number of branch visits by online customers by one visit	Additional charge of £45m
Discount rate by +100 bps	Additional charge of £11m
Discount rate by -100 bps	Additional release of £13m

Notes to the consolidated financial statements (continued)

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Sensitivities in the impairment modelling - Waitrose

The Waitrose impairment estimation is most sensitive to changes in the sales and margin forecasts and the allocation of central costs. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

Waitrose sensitivity adjustment	Net Impairment impact
Sales growth by -4.0%	Additional charge of £22m
Sales growth by +4.0%	Additional release of £18m
Margin rate by -50 bps	Additional charge of £12m
Margin rate by +50 bps	Additional release of £14m
Increase allocation of central costs by 5%	Additional charge of £4m
Decrease allocation of central costs by 5%	Additional release of £4m
Discount rate by +200 bps	Additional charge of £9m
Discount rate by -200 bps	Additional release of £17m

Recognition of impairment charges and reversals

Impairment of plant, property and equipment and right-of-use assets comprise charges and reversals arising from the annual tangible store impairment assessment exercise and charges arising on other sites including store closures. The table below sets out the total impairment charges and releases during the financial year.

2025	Other operating and administrative expenses before exceptionals	Exceptional items	Total
	£m	£m	£m
Impairment charges	(2)	(119)	(121)
Impairment reversals	1	126	127
Total	**(1)**	**7**	**6**

2024	Other operating and administrative expenses before exceptionals	Exceptional items	Total
	£m	£m	£m
Impairment charges	-	(110)	(110)
Impairment reversals	-	124	124
Total	**-**	**14**	**14**

Notes to the consolidated financial statements (continued)
3.3 TRADE AND OTHER RECEIVABLES

PURPOSE

Our receivables are amounts owed to the Group. This note provides a split of receivables into trade receivables, other receivables and prepayments and accrued income.

Trade receivables are amounts owed to us from customers and from suppliers if we are owed rebates. Other receivables include interest receivable from third parties and amounts due from our Partners in respect of the Group's car finance scheme. Prepayments are payments made in advance of the delivery of goods or rendering of services. Accrued income is income earned by the Group for providing a product or service which has not yet been invoiced.

Other receivables and prepayments are split into current and non-current to show those amounts due within one year and those which will be recovered over a longer period. Trade receivables are shown net of an allowance for debts which we do not consider to be recoverable.

ACCOUNTING POLICIES

Trade receivables: *Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9 Financial Instruments. 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 expected life of the financial asset. The Group also performs analysis on a case-by-case basis for particular trade receivables with irregular payment patterns or history.*

Supplier income (shown as part of accrued income): *The price that the Group pays suppliers for goods is determined through negotiations with suppliers regarding both the list price and a variety of rebates and discounts. The principal categories of rebate income are in the form of volume and marketing rebates. Supplier income is broadly split evenly between the two categories as follows:*

Volume rebates: *Volume rebates are earned based on sales or purchase triggers set over specific periods, such as the number of units sold to customers or purchased from the supplier. Volume rebates are recognised over the period set out in the supplier agreement;*

Marketing rebates: *Marketing rebates include promotions, mark downs or marketing support received from suppliers. Marketing rebates are agreed with suppliers for specific periods and products.*

Rebate income is recognised when the Group has contractual entitlement to the income, it can be estimated reliably and it is probable that it will be received. Rebate income receivable is shown as part of trade receivables.

Rebate income is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which a rebate has been earned. Depending on the agreement with suppliers, rebates invoiced are either received in cash from the supplier or netted off against payments made to suppliers.

For promotions which are confirmed after the balance sheet date, the Group is sometimes required to estimate the amounts due from suppliers at the year end. Estimates of supplier income are accrued within accrued income, and are based on a review of the supplier agreements in place and of relevant sales and purchase data.

The majority of rebates are confirmed before the year end, therefore the level of estimate and judgement required in determining the year end receivable is limited.

Notes to the consolidated financial statements (continued)
3.3 TRADE AND OTHER RECEIVABLES (CONTINUED)

	2025 £m	2024 £m
Current:		
Trade receivables	**80**	70
Other receivables	**145**	129
Prepayments	**106**	97
Accrued income	**59**	57
	390	353
Non-current:		
Other receivables	**16**	19
Prepayments	**6**	10
	22	29

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. Within trade receivables is supplier income which has been invoiced where there is no legal right to offset. Included in trade payables are invoices for supplier income where there is a right to offset and the Group intends to offset against amounts owed to suppliers (see note 5.2).

Within accrued income, there is £28m (2024: £23m) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £11m (2024: £12m) in relation to other operating income items (see note 2.3) which has not been billed at the reporting date. The unbilled amounts of other operating income is made up of items that are not individually material for further disclosures and had no significant changes during the period.

The Group recognises loss allowances for expected credit losses within operating and administrative expenses in the income statement. As at 25 January 2025, trade and other receivables of £nil (2024: £nil) were partially or fully impaired.

As at 25 January 2025, trade and other receivables of £25m (2024: £29m) were past due but not impaired. The ageing analysis of the past due amounts is as follows:

Ageing analysis	2025 £m	2024 £m
Up to 3 months past due	**25**	29
3 to 12 months past due	**-**	-
Over 12 months past due	**-**	-
	25	29

Notes to the consolidated financial statements (continued)
3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES

PURPOSE
We use cash flow hedges to manage the risk of adverse currency movements.

This note details the fair value of these financial instruments and financial liabilities, together with the valuation techniques and key assumptions made in determining the fair value, as required by UK-adopted IFRS. The fair value represents the amount that would be received from the sale of an asset or the amount that would be paid to pass on a liability.

Fair value estimation
The different levels per the IFRS 13 Fair Value Measurement fair value hierarchy have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

During the 52 week period ended 25 January 2025, there have been no transfers between any levels of the IFRS 13 fair value hierarchy and there were no reclassifications of financial assets as a result of a change in the purpose or use of those assets.

3.4.1 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS
The fair value of derivative financial instruments is as follows:

				2025				2024
	Assets	**Liabilities**	**Recognised in statement of changes in equity**	**Recognised in income statement**	Assets	Liabilities	Recognised in statement of changes in equity	Recognised in income statement
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Non-current								
Currency and commodity derivatives - cash flow hedge	**1**	**-**	**1**	**-**	1	(1)	(1)	-
	1	**-**	**1**	**-**	1	(1)	(1)	-
Current								
Currency and commodity derivatives - cash flow hedge	**5**	**(3)**	**2**	**-**	1	(11)	(10)	-
Other derivatives	**-**	**-**	**-**	**-**	-	(4)	-	(4)
	5	**(3)**	**2**	**-**	1	(15)	(10)	(4)

The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date.

The fair value of the derivative financial instruments held by the Group are classified as Level 2 under the IFRS 13 fair value hierarchy, as all significant inputs to the valuation model used are based on observable market data and are not traded in an active market.

Specific valuation techniques used to value the financial instruments include quoted market prices. There have been no changes in valuation techniques from the prior year.

Notes to the consolidated financial statements (continued)

3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (CONTINUED)

3.4.2 FAIR VALUE OF FINANCIAL LIABILITIES HELD AT AMORTISED COST

The following table compares the Group's liabilities held at amortised cost, where there is a difference between carrying value (CV) and fair value (FV):

		2025		2024
	CV £m	**FV £m**	CV £m	FV £m
Financial liabilities				
Listed bonds	**(295)**	**(229)**	(595)	(509)

The fair values of the Group's listed bonds have been determined by reference to market price quotations and are classified as Level 1 under the IFRS 13 fair value hierarchy.

For other financial liabilities, there are no material differences between carrying value and fair value because they are all of a short term nature.

Notes to the consolidated financial statements (continued)

3.5 INVESTMENT IN AND LOANS TO JOINT VENTURE

PURPOSE

Our balance sheet includes an investment in a joint venture, Clicklink Logistics Limited, which is used to support our business and the generation of our profits.

This note shows the cost of the investment in, and loans made to, the joint venture. It also includes details of the share of profit and any dividends received from the joint venture during the year.

ACCOUNTING POLICIES

Joint arrangements: *The Group applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.*

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investees, from the date that joint control commences until the date that joint control ceases.
John Lewis plc and GXO Logistics UK II Limited (formerly Clipper Logistics plc) are both investors in Clicklink Logistics Limited. Each party owns 50% of the equity of Clicklink Logistics Limited and decisions regarding Clicklink Logistics Limited require the unanimous consent of both parties.

	Investment £m	Loan £m	Total £m
Cost			
At 28 January 2023	2	2	4
At 27 January 2024	2	1	3
At 25 January 2025	**2**	**1**	**3**
Share of profit			
At 28 January 2023	1	-	1
Share of profit	1	-	1
At 27 January 2024	2	-	2
Share of profit	1	-	1
At 25 January 2025	**3**	**-**	**3**
At 28 January 2023	3	2	5
At 27 January 2024	4	1	5
At 25 January 2025	**5**	**1**	**6**

3.6 COMMITMENTS AND CONTINGENCIES

PURPOSE

A commitment represents a contractual obligation to make a payment in the future. We have commitments for capital expenditure. Contingent liabilities are potential future cash outflows where the likelihood of payment is more than remote but is not considered probable or cannot be measured reliably.

In line with accounting standards, commitments and contingencies are not included within the balance sheet, but are detailed in the note below. The amounts below represent the maximum amounts that we are obliged to pay.

At 25 January 2025, contracts had been entered into for future capital expenditure of £24m (2024: £15m) of which £18m (2024: £11m) relates to property, plant and equipment and £6m (2024: £4m) relates to intangible assets.

Notes to the consolidated financial statements (continued)

4 CURRENT ASSETS

4.1 INVENTORIES

PURPOSE

Our inventory is the stock available for sale or for manufacturing our products. This note sets out the make-up of our inventories between raw materials, work in progress and finished goods and goods for resale. Our raw materials and work in progress are primarily related to Herbert Parkinson and Leckford Farm. Slow-moving and obsolete inventory is assessed each reporting period and an appropriate provision is made against the inventory balance. The value of inventory is shown net of provisions. Once the inventory is sold, it is charged to cost of sales in the consolidated income statement.

ACCOUNTING POLICIES

Inventory valuation: *Inventory is stated at the lower of cost, which is computed on the basis of average unit cost, and net realisable value. Inventory excludes merchandise purchased by the Group on a sale or return basis, where the Group does not have the risks and rewards of ownership. Slow-moving and obsolete inventory is assessed for impairment at each reporting period based on past experience and an appropriate provision is made. Inventory also includes a 'right to return goods' asset, which represents the value of inventory expected to be returned as a result of customers exercising their rights under the Group's returns policy. The expected level of returns is based on past experience.*

	2025 £m	2024 £m
Raw materials	**3**	4
Work in progress	**1**	1
Finished goods and goods for resale	**718**	673
	722	678

Provisions against inventories of £28m were charged (2024: £32m charged) to cost of sales.

Finished goods and goods for resale includes £11m (2024: £11m), representing inventory we expect to be returned from sales to customers made this financial year.

4.2 SHORT-TERM INVESTMENTS

PURPOSE

Our short-term investments represent amounts on short-term deposits. They are deposited for a period of greater than 90 days but less than one year with financial institutions.

ACCOUNTING POLICIES

Short-term investments: *Short-term investments comprise tradable securities and deposits with original maturities of greater than 90 days but less than one year. Maturity periods are not the sole factor. Investments in Variable Net Asset Values with a weighted average maturity of less than 90 days are included within short-term investments due to the fact they do not bear an insignificant risk of changes in value.*

	2025 £m	2024 £m
Short-term investments	**153**	260

For the 52 week period ended 25 January 2025, the effective interest rate on short-term investments was 5.3% (2024: 5.4%) and these investments had an average maturity of 134 days (2024: 109 days). Maturities on the £153m go out to May 2025.

Notes to the consolidated financial statements (continued)

4.3 CASH AND CASH EQUIVALENTS

PURPOSE

Our cash and cash equivalents include cash in hand and cash placed on short-term deposits of less than 90 days with financial institutions and money market funds.

ACCOUNTING POLICIES

Cash and cash equivalents: *Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.*

	2025 **£m**	2024 £m
Cash at bank and in hand	**158**	147
Short-term deposits	**766**	881
	924	1,028

For the 52 week period ended 25 January 2025, the effective interest rate on short-term deposits was 5.0% (2024: 4.2%) and these deposits had an average maturity of eight days (2024: two days).

At 25 January 2025, £14m (2024: £16m) of the Group's cash balance was pledged as collateral. This is part of the Group's insurance arrangements and the release of these funds is subject to approval from third parties.

Cash at bank and in hand includes cash equivalents of credit and debit card transactions not yet settled and other cash in transit balances of £94m (2024: £79m).

Notes to the consolidated financial statements (continued)

5 LIABILITIES - NON-CURRENT AND CURRENT

5.1 BORROWINGS AND OVERDRAFTS

PURPOSE

Our borrowings comprise bonds, bank loans, bank overdrafts and Share Incentive Plan shares, which are held in trust for the benefit of Partners.

ACCOUNTING POLICIES

Borrowings: *Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Where there is an effective related fair value hedge, the movement in the fair value attributable to the hedged risk is separately disclosed.*

Arrangement costs for bonds and loan facilities in respect of debt are capitalised and amortised over the life of the debt at a constant rate. Finance costs are charged to the income statement, based on the effective interest rate of the associated borrowings.

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised. Qualifying assets are those that take a substantial period of time to get ready for their intended use. Capitalisation commences when both expenditure on the asset and borrowing costs are being incurred. Capitalisation ceases when the asset is ready for its intended use. The capitalisation rate used to determine the borrowing costs eligible for capitalisation is 7.8% (2024: 6.8%).

	2025 £m	2024 £m
Current:		
6⅛% Bonds, 2025[1]	-	(300)
Fair value adjustment for hedged element on bonds	-	4
	-	(296)
Non-current:		
Bank loans[2]	**(131)**	(131)
4¼% Bonds, 2034	**(300)**	(300)
Unamortised bond and loan transaction costs	**5**	6
	(426)	(425)

[1] During the year, the Group repaid the 6⅛% £300m bond at maturity in January 2025. See note 7.1.2.
[2] The £131m bank loan is repayable in December 2027.

All borrowings are unsecured, denominated in Sterling and are repayable on the dates shown, at par.

Notes to the consolidated financial statements (continued)

5.2 TRADE AND OTHER PAYABLES

PURPOSE

Trade and other payables include amounts owed by the Group. We owe payments to suppliers for goods or services that have been invoiced or accrued, and to HMRC in the form of taxes and social security. Amounts are payable to our Partners through salaries and our annual profit share, the Partnership Bonus. Deferred income includes amounts owed to customers through goods or services to be delivered, including in respect of free warranties. Non-current trade and other payables and non-current deferred income balances are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

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

Deferred income: *Deferred income is recognised when the Group has received cash in advance of providing a good or service. It includes revenue in respect of free warranties for Technology products. The Group allocates a portion of the consideration received for the Technology product to the free warranty on a cost plus margin basis. The amount allocated to the free warranty is deferred and recognised as revenue over the period of the guarantee on a straight-line basis.*

ACCOUNTING ESTIMATES

Liabilities: *Liabilities recognised in this note at the reporting date include amounts for unredeemed gift vouchers and gift cards. In order to estimate these liabilities, management must make assumptions around likely redemption rates. Management must therefore exercise a degree of estimation when predicting redemption patterns based on actual experience over the most recent 24 months.*

Deferred income: *In relation to free warranties, deferred income is based on the expected future repair or replacement costs for all goods sold with a free warranty, plus a margin. The expected future costs are based on historical evidence of claims and costs to repair or replace. Management exercise a degree of estimation regarding the margin percentage.*

	2025 **£m**	2024 £m
Current:		
Trade payables	**(1,130)**	(1,092)
Amounts owing to parent undertakings	**(100)**	(102)
Other payables	**(159)**	(158)
Other taxation and social security	**(159)**	(145)
Accruals	**(142)**	(126)
Deferred income	**(72)**	(67)
Partnership Bonus	**-**	-
	(1,762)	(1,690)
Non-current:		
Deferred income	**(26)**	(29)
	(26)	(29)

Notes to the consolidated financial statements (continued)
5.2 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amount of trade and other payables approximates their fair value.

Other payables principally relate to liabilities in respect of unredeemed gift cards and gift vouchers £105m (2024: £116m). During the year £430m (2024: £436m) of gift cards and gift vouchers were issued and £441m (2024: £418m) was recognised in the income statement.

Included in deferred income are contract liabilities for free warranties of £24m (2024: £26m) and payments from customers for goods and services in advance of providing a good or service at the balance sheet date of £54m (2024: £45m). During the year an amount of £17m (2024: £17m) was recognised in the income statement over the period covered by the free warranties. The deferral for the year was £15m (2024: £17m). All of the contract liabilities for goods and services sold but not delivered at 27 January 2024 have been recognised as revenue in the 52 week period ended 25 January 2025.

5.3 OTHER LIABILITIES HELD AT AMORTISED COST

PURPOSE

Other liabilities at amortised cost are amounts owed by the Group in respect of certain property transactions included as part of a sale and leaseback transaction. In these transactions, certain plant, property and equipment assets did not meet the sale criteria in IFRS 15 Revenue from Contracts with Customers. The accounting therefore reflects that these plant, property and equipment assets have not been sold and remain on the balance sheet. In substance, these are financing transactions. Non-current other liabilities at amortised cost are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

Other liabilities at amortised cost: *Other liabilities at amortised cost are initially recognised at fair value and subsequently measured at amortised cost. They are increased by the interest charge and decreased by the payments made.*

	2025 £m	2024 £m
Current:		
Other liabilities held at amortised cost	**(2)**	(2)
	(2)	(2)
Non-current:		
Other liabilities held at amortised cost	**(58)**	(60)
	(58)	(60)

Notes to the consolidated financial statements (continued)
5.4 ANALYSIS OF NET DEBT

PURPOSE
Net debt summarises our debt position as at the year end, excluding any pension deficit. Net debt incorporates the Group's borrowings, bank overdrafts, fair value of derivative financial instruments, other liabilities held at amortised cost and obligations under leases. These liabilities are offset by cash and cash equivalents, short-term investments and a portion of debt transaction costs that relate to the remaining duration of the debt. This note shows how our net debt position has moved from the prior year end, split out between cash movements and non-cash movements.

	2024	Cash movements	Non- cash movements		**2025**
			Fair value gains/(losses)	Other, including lease additions, terminations, modifications and reassessments	
	£m	£m	£m	£m	**£m**
Non-current assets					
Derivative financial instruments	1	-	-	-	**1**
	1	-	-	-	**1**
Current assets					
Cash and cash equivalents	1,028	(104)	-	-	**924**
Short-term investments	260	(107)	-	-	**153**
Derivative financial instruments	1	(3)	7	-	**5**
	1,289	(214)	7	-	**1,082**
Current liabilities					
Borrowings and overdrafts	(300)	300	-	-	**-**
Fair value adjustment for hedged element on bonds	4	-	(4)	-	**-**
Other liabilities held at amortised cost	(2)	2	-	(2)	**(2)**
Lease liabilities	(146)	234	-	(240)	**(152)**
Derivative financial instruments	(15)	17	(5)	-	**(3)**
	(459)	553	(9)	(242)	**(157)**
Non-current liabilities					
Borrowings	(431)	-	-	-	**(431)**
Unamortised bond transaction costs	6	-	-	(1)	**5**
Fair value adjustment for hedged element on bonds	-	-	-	-	**-**
Other liabilities held at amortised cost	(60)	-	-	2	**(58)**
Lease liabilities	(1,703)	-	-	51	**(1,652)**
Derivative financial instruments	(1)	-	1	-	**-**
	(2,189)	-	1	52	**(2,136)**
Total, and movements	(1,358)	339	(1)	(190)	**(1,210)**

Notes to the consolidated financial statements (continued)
5.4 ANALYSIS OF NET DEBT (CONTINUED)

Reconciliation of net cash flow to net debt

	2025 £m	2024 £m
Decrease in net cash and cash equivalents in the year	**(104)**	(10)
Cash inflow from borrowings	**-**	(131)
Cash outflow from borrowings	**300**	50
Cash (inflow)/outflow from movement in short-term investments	**(107)**	260
Cash outflow/(inflow) from other liabilities held at amortised cost	**2**	(62)
Cash outflow from movement in other net debt items	**248**	227
Cash movement in net debt for the year	**339**	334
Opening net debt	**(1,358)**	(1,503)
Non-cash movement in net debt for the year	**(191)**	(189)
Closing net debt	**(1,210)**	(1,358)

Our total borrowings and lease liabilities are summarised below.

	Borrowings £m	Lease liabilities £m	**Total £m**
At 28 January 2023	(650)	(1,903)	**(2,553)**
Movements arising from operating cash flows	-	89	**89**
Movements arising from financing cash flows	(81)	143	**62**
Other non-cash movements	-	(178)	**(178)**
At 27 January 2024	(731)	(1,849)	**(2,580)**
Movements arising from operating cash flows	-	93	**93**
Movements arising from financing cash flows	300	141	**441**
Other non-cash movements	-	(189)	**(189)**
At 25 January 2025	(431)	(1,804)	**(2,235)**

Other non-cash movements in lease liabilities reflect the unwind of the discount on the lease liability and changes to lease agreements such as changes to future rental charges, extensions and new leases.

Borrowings exclude unamortised bond transaction costs of £4m (2024: £5m), unamortised loan transaction costs of £1m (2024: £1m) and the fair value adjustment for hedged element on bonds of £nil (2024: £4m gain).

Notes to the consolidated financial statements (continued)
5.5 LEASE LIABILITIES

PURPOSE
The Group enters into leases for property, plant and equipment. The Group's lease portfolio principally comprises property leases of land and buildings in relation to Waitrose and John Lewis shops, distribution centres and head offices. The leases typically run for terms between five and 100 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Group's lease payments are subject to market review, usually every five years, and some lease agreements include rental payments contingent on turnover or economic indices. These contingent lease payments are excluded from the calculation of lease liabilities under IFRS 16 Leases.

ACCOUNTING POLICIES
Lease liabilities: *The Group 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 Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group has elected to apply the exemption for recognising right-of-use assets and lease liabilities on the balance sheet 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.

In relation specifically to vehicle leases, the Group has also elected to apply the exemption for short-term leases and therefore will not recognise right-of-use assets and lease liabilities on the balance sheet for vehicle leases of less than 12 months in duration.

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

Sub-lease income is recognised as other operating income on a straight-line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

Sale and leaseback: *A sale and leaseback transaction is where the Group sells an asset and immediately leases back the same asset from the buyer. On sale, the property, plant and equipment asset is derecognised from the balance sheet and the Group measures a right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights of use retained by the Group. The Group also recognises a lease liability at the date of the transaction. Any gain or loss that relates to the rights of the buyer is recognised in the income statement. Judgement is exercised in assessing whether assets have been sold in accordance with IFRS 15 Revenue from Contracts with Customers.*

Notes to the consolidated financial statements (continued)
5.5 LEASE LIABILITIES (CONTINUED)

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

	2025 £m	2024 £m
Depreciation charge for right-of-use assets (excluding impairment) (see note 3.2)	**(151)**	(136)
Interest expense on lease liabilities (see note 2.6)	**(93)**	(89)
Expense relating to short-term leases	**(3)**	(3)
Expense relating to variable lease payments not included in lease liabilities	**(3)**	(4)
Total cash outflow for leases comprising interest and capital payments (see note 5.4)	**(234)**	(232)
Additions to right-of-use assets (see note 3.2)	**126**	95
Carrying amount of right-of-use assets (see note 3.2)	**1,260**	1,290
Gains arising from sale and leaseback transactions	**-**	8
Income from sub-leasing right-of-use assets	**10**	9

Gains arising from prior year sale and leaseback transactions resulted from the derecognition of certain plant, property and equipment assets and recording of a right-of-use asset. See notes 3.2 and 5.3.

We do not disclose potential future undiscounted lease payments not included in lease liabilities as these are subject to a high level of judgement regarding expected lease extension terms and future end dates. Additionally, the values of rental payments are subject to future market rates applicable as at the date of extension which are parameters not yet publicly known. As a result, we do not consider the potential future undiscounted lease payments to be able to be reliably estimated. There were no leases not yet commenced to which the Group is committed that are not included in lease liabilities as at year end.

Notes to the consolidated financial statements (continued)
5.6 PROVISIONS

PURPOSE

We incur liabilities which have some uncertainty regarding the timing or the future cost required to settle them. These are termed provisions and have been estimated and provided for at the year end. Our provisions primarily relate to the expected cost of long leave, expected customer refunds, insurance claims, reorganisation costs and property-related costs.

ACCOUNTING POLICIES

Provisions: *Provisions are recognised when the Group has an obligation in respect of a past event, it is more likely than not that payment (or a non-cash settlement) will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.*

Employee benefits: *The Group has a scheme to provide up to six months' paid leave after 25 years' service (long leave). The cost of providing the benefits under the scheme is determined using the projected unit credit actuarial valuation method. The current service cost is included within operating profit in the consolidated income statement. The financing elements of long leave are included in finance costs in the consolidated income statement. Actuarial gains or losses are taken directly to the consolidated income statement.*

ACCOUNTING ESTIMATES

Provisions: *As the provision for liabilities under the long leave scheme is assessed on an actuarial basis, estimates are required for the appropriate discount rate, staff turnover, salary increases and inflation.*

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 27 January 2024	(122)	(22)	(24)	(8)	(38)	(214)
Charged in the financial year	(6)	(20)	(8)	(42)	(9)	(85)
Released in the financial year	-	-	1	11	-	12
Utilised	14	22	9	31	13	89
At 25 January 2025	**(114)**	**(20)**	**(22)**	**(8)**	**(34)**	**(198)**
Of which:						
Current	(41)	(20)	(13)	(8)	(9)	(91)
Non-current	(73)	-	(9)	-	(25)	(107)

The Group has a long leave scheme, open to all Partners, which provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is assessed on an actuarial basis, reflecting Partners' expected service profiles, salary growth, National Insurance and overtime earnings assumptions. The real discount rate applied differs from the real discount rate used for the Group's retirement benefits (note 6.1) as it reflects a rate appropriate to the shorter duration of the long leave liability, so as to accrue the cost over Partners' service periods.

Provisions for customer refunds reflect the Group's expected liability for returns of goods sold based on experience of rates of return.

The provision for insurance claims covers potential liabilities arising from claims that fall below certain thresholds. These claims relate to the Group's employer's, public and vehicle third party liability insurances. The provision is recognised when there is a present obligation arising from a past event, including both reported and incurred but not reported claims as of the reporting date. The provision is calculated using independent actuarial assessments.

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to productivity reviews, central operations reviews, shop closures and the review of shop management structures (note 2.5).

Notes to the consolidated financial statements (continued)
5.6 PROVISIONS (CONTINUED)

Other provisions primarily include property-related costs, principally dilapidations provisions. Dilapidations provisions are calculated with reference to specific lease terms, where we can reliably estimate the expected cost and payment for dilapidations is probable. In making this assessment, we consider the recent history of dilapidations payments and the time horizon for any payments. The effect of discounting non-current provisions is not individually material.

6 RETIREMENT BENEFITS

PURPOSE

The Group's pension scheme is made up of two parts: the defined benefit section and the defined contribution section. The defined benefit section provides a non-contributory pension in retirement based on Partners' pensionable pay and pensionable service. The defined contribution section is where contributions made by Partners and the Group are invested in a choice of funds and then the contributions and investment returns are used to buy benefits on retirement.

The consolidated balance sheet includes a net retirement benefit asset or liability, which is the expected future cash flows to be paid out by the defined benefit section of the pension scheme, offset by assets held by the scheme to meet these liabilities. The expected liabilities are calculated by an actuary using a number of financial and demographic assumptions whilst the assets are held at fair value. The defined benefit section of the scheme closed to future accrual on 1 April 2020.

The defined contribution section of the scheme is available to all Partners and pays fixed contributions into individual investment funds on Partners' behalf. There is therefore no liability on the Group balance sheet relating to the defined contribution section of the pension scheme, other than any accrual for the previous period's monthly defined contribution payments.

This note details the financial and demographic assumptions made in estimating the defined benefit obligation, together with an analysis of the components of the pension liability. It also explains where these amounts have been recorded in the consolidated balance sheet and the consolidated income statement.

ACCOUNTING POLICIES

Employee benefits: *The defined benefit scheme assets are held separately from the Group. The cost of providing benefits under the defined benefit section of the scheme is determined using the projected unit credit actuarial valuation method, which measures the liability based on service completed and allows for projected future increases.*

Remeasurements of defined benefit pension schemes due to experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income during the period in which they arise.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Contributions to the Group's defined contribution section are charged to the income statement as they are incurred. The Group has no further obligation once the contributions have been made.

CRITICAL ACCOUNTING ESTIMATES

Retirement benefits: *This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation requires the application of a discount rate to estimate the present day fair value of the pension payments, as well as assumptions on mortality rates and inflation. Given the size of the Group's defined benefit obligation, relatively small movements in these assumptions could cause a material adjustment to the carrying amount of the obligation. Sensitivity analysis on the key assumptions is provided in note 6.6. The pension scheme asset includes a variety of assets including those where a market quotable price is not available (Level 3). The assets are valued by third party fund managers using a variety of valuation models (see note 6.5).*

Notes to the consolidated financial statements (continued)

6.1 RETIREMENT BENEFITS

The pension scheme operated by the Group is the John Lewis Partnership Trust for Pensions. The scheme is governed by a corporate trustee which is independent of the Group. The Trustee is responsible for the operation and governance of the scheme, including making decisions regarding the scheme's investment strategy.

The scheme includes a funded final salary defined benefit section, providing pensions and death benefits to members. This scheme closed to new members and future accrual on 1 April 2020 and all active members of the scheme moved to become deferred members.

All contributions to the defined benefit section of the pension scheme to meet the obligations are funded by the Group. The scheme also includes a defined contribution section. Contributions to the defined contribution section of the scheme are made by both Partners and the Group.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Actuarial valuation

The pension scheme is subject to a full actuarial valuation every three years using assumptions set by the Trustee following consultation with the Group and Scheme Actuary. The valuation determines if the pension scheme has sufficient assets available to meet future benefit payments. If a deficit exists, the Trustee and Group must agree to the corrective action(s) required to repair the deficit.

The most recent valuation was carried out by an independent professionally qualified actuary as at 31 March 2022, and resulted in an actuarial surplus of £320m (31 March 2019: deficit of £58m). The market value of the assets of the scheme as at 31 March 2022 was £6,934m (31 March 2019: £6,012m). The actuarial valuation showed that these assets were sufficient to cover 105% (31 March 2019: 99%) of the benefits which had accrued to members. As a result of the 2022 valuation, the Group and the Trustee agreed to stop making deficit reducing contributions. These were previously £10m per annum. The next triennial actuarial valuation of the scheme will take place as at 31 March 2025 and is expected to conclude in 2026.

6.1 RETIREMENT BENEFITS (CONTINUED)

Pension commitments recognised in these accounts have been calculated based on the most recent actuarial valuation, as at 31 March 2022, which has been updated by actuaries to reflect the assets and liabilities of the scheme as at 25 January 2025, calculated on assumptions that are appropriate for accounting under IAS 19.

IAS 19 accounting valuation

In the financial statements the liabilities are determined in accordance with IAS 19: Employee Benefits. At the year end, there was an IAS 19 accounting pension deficit of £363m (£296m after deferred tax), compared to £287m (£239m after deferred tax) as at 27 January 2024. The accounting position reflects the gap between the market value of pension assets held by our defined benefit scheme and the IAS 19 value of our pension liabilities.

At the year end, IAS 19 pension liabilities for the defined benefit obligation for funded arrangements were £3,834m, down from £4,017m at 27 January 2024, with the reduction largely attributable to an increase in the discount rate as a result of increasing interest rate expectations, partly offset by this year's inflation figure being higher than expected. The market value of pension assets was £3,484m, down from £3,743m at January 2024.

Differences between the actuarial valuation and accounting valuation

Differences arise between the actuarial valuation and accounting valuation, mainly due to the use of different assumptions to value the liabilities and the different calculation dates. The discount rate used for the accounting valuation is prescribed by the accounting standard and assumes that pension assets are invested in high quality (AA) corporate bond yields of an appropriate term. The actuarial discount rate is determined based on assumptions set by the Trustee following consultation with the Group and Scheme Actuary, and takes into account the scheme's actual investment strategy, expected evolution of the investment strategy (the journey plan) and the Trustee's view of the Group's covenant.

Whilst the accounting valuation is useful for comparing pension schemes across different businesses, it does not take into account the scheme's actual investment strategy, often producing a higher value of liabilities than the technical provisions valuation, and therefore it is of less use for scheme funding purposes. It is the actuarial valuation that determines the funding position of the scheme and any deficit reducing contributions that may be required.

Investment strategy

The Trustee's investment strategy is consulted upon with the Group. The investment strategy is designed to ensure the scheme can pay members' benefits as they fall due, while also targeting full funding on a low dependency basis. The Trustee will pursue an investment strategy that generates investment returns in excess of government bonds but with a risk level that is commensurate with the strength of the covenant.

The Trustee continues to manage scheme risks carefully and appropriately. It has a hedge in the form of a liability matching strategy designed to protect against movements in interest rates and inflation on the actuarial basis. At 31 December 2024 the hedge was at c.78% of low dependency liabilities, within the tolerance range of the target hedge ratio of 79%, equivalent to 100% of funded technical provisions liabilities. The pension scheme remains liquid and well funded.

Notes to the consolidated financial statements (continued)
6.1 RETIREMENT BENEFITS (CONTINUED)

Risk management
The cost of the scheme to the Group depends upon a number of assumptions about future events. Future contributions may be higher or lower than those currently agreed if these assumptions are not borne out in practice or if different assumptions are agreed in the future.

Specific risks include:

- Changes in future expectations of price inflation: the majority of the scheme's benefit obligations are linked to inflation (subject to a cap) and higher inflation will lead to higher liabilities. Changes in the liabilities due to changes in inflation expectations are broadly offset by the Trustees' liability matching strategy as detailed in note 6.5 (the liability matching scheme is designed to hedge the actuarial liabilities and not the accounting measurement of liabilities);
- Changes in the discount rate used to value pension liabilities: a lower discount rate will lead to higher liabilities. On an actuarial basis, changes in the technical provision liabilities due to changes in the discount rate are broadly offset by the Trustees' liability matching strategy as detailed above. On an accounting basis, if the change in the discount rate is driven solely by a change in credit spreads (and not gilt movements which is what the liability matching strategy hedges) then there will not be an offsetting impact on the assets for accounting purposes;
- The return on assets being lower than assumed: if the rate of growth in assets falls below the discount rate used to value the liabilities then the pension deficit (surplus) will increase (reduce). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Falls in asset values not being matched by similar falls in the value of liabilities: a fall in plan assets will lead to an increase (reduction) in the deficit (surplus). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Unanticipated increase in life expectancy leading to an increase in the scheme's liabilities: an increase in life expectancy would mean pensions are expected to be paid for a longer period, increasing the obligations and increasing (decreasing) the scheme's deficit (surplus). This is mitigated in part by the benefit design including a Life Expectancy Adjustment Factor, whereby future pensions coming into payment are adjusted to allow for increases in life expectancy.

6.2 ASSUMPTIONS

PURPOSE
This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation includes applying a discount rate to estimate the present day fair value of the pension payments, allowing for future expected increases in earnings and pension payments and the life expectancy of the members of the pension scheme.

Notes to the consolidated financial statements (continued)
6.2 ASSUMPTIONS (CONTINUED)

Financial assumptions

Scheme assets are stated at market values at 25 January 2025. The following financial assumptions have been used to value the obligation:

	2025	2024
Discount rate	**5.72%**	5.28%
Future Retail Price Index (RPI) inflation	**3.02%**	2.85%
Future Consumer Price Index (CPI) inflation	**2.70%**	2.50%
Increase in pensions – in payment		
Pre-April 1997	**1.89%**	1.81%
April 1997-April 2016	**2.84%**	2.73%
Post-April 2016	**1.89%**	1.81%
Increase in pensions – deferred	**2.70%**	2.50%

Nominal discount rate: IAS 19 requires that the nominal discount rate is set by reference to market yields on high quality (AA) corporate bonds of a suitable term consistent with the scheme cash flows. The Group's pension scheme has cash flows spanning out over 50 years and a duration of 15 years. The model adopted by the Group is a yield curve approach, based on high quality corporate bonds. Where there are no high quality corporate bonds of appropriate duration to reference, an extrapolation from other bond yields is required. Following actuarial advice, the criteria used to determine which bonds are included in the model has been updated during the year, to ensure the discount rate remains robust to changes in bond yields. This change in estimate has lowered the discount rate at 27 January 2024 by 17 bps, which would have increased the defined benefit pension obligation reported at that date by an estimated £103m. It has not been possible to quantify the impact of the change in discount rate methodology on the current year defined benefit pension obligation as the discount rate at 25 January 2025, based on the previously adopted methodology, is not available.

Future RPI and CPI inflation: The inflation assumptions used to calculate the Group's defined benefit pension obligations are based on a cash flow weighted UK Government bond market implied rate of RPI, which is then adjusted for inflation risk. The Group has reflected the impact of RPI reform to align RPI with CPIH (a variant of the Consumer Price Index that includes an estimate of housing costs) expected from 2030 onwards. An inflation risk premium of 0.3% has been applied until 2030, increasing to 0.4% beyond this date. A long-term gap of 1.0% between RPI and CPI has been applied until 2030, reducing to 0.1% beyond this date.

Demographic assumptions

The post-retirement mortality assumptions used in valuing the pension liabilities were based on the S3 (2024: S3) series standard tables. Based on scheme experience, the probability of death at each age was multiplied by 112% for males and 95% for females who were non-pensioners and 103% for males and 92% for females who were pensioners (2024: 112% for males and 95% for females who were non-pensioners and 103% for males and 92% for females who were pensioners). Future improvements in life expectancy have been allowed for in line with the Continuous Mortality Investigation (CMI) 2023 improvements model with a smoothing parameter of 7.0 (2024: CMI 2022, smoothing parameter of 7.0) subject to a long-term trend of 1.25%.

The average life expectancies assumed were as follows:

		2025		2024
	Male	**Female**	Male	Female
Average life expectancy for a 65 year old (in years)	**21.2**	**24.1**	21.3	24.0
Average life expectancy at age 65, for a 50 year old (in years)	**21.5**	**24.9**	21.5	24.9

Notes to the consolidated financial statements (continued)
6.3 AMOUNTS RECOGNISED IN THE FINANCIAL STATEMENTS

PURPOSE

This section details the amounts recognised in our consolidated financial statements in relation to the defined benefit section of our pension scheme. This consists of the net pension asset and liability, recognised on our balance sheet, the cost of providing the pension benefit over the year, recognised in the income statement, and actuarial gains and losses (being changes in assumptions, or assumptions not being borne out in practice), which are recognised in the statement of comprehensive income/(expense). The movements are broken down into the key components that impact the defined benefit section of the pension scheme.

Amounts recognised in the balance sheet	**2025 £m**	2024 £m
Defined benefit obligation for funded arrangements	**(3,834)**	(4,017)
Total value of scheme assets	**3,484**	3,743
Total funded defined benefit liability at end of financial year	**(350)**	(274)
Defined benefit obligation for unfunded arrangements	**(13)**	(13)
Defined benefit liability at end of year (net)	**(363)**	(287)

PURPOSE

The cost of providing the pension scheme over the year, recognised in the consolidated income statement, is broken down as follows:

- *Service cost is the cost to the Group of future benefits earned by members which is attributable to members' service in the current period. Following the closure of the defined benefit section of the pension scheme on 1 April 2020, no further service costs will be recognised;*
- *Contribution expense is in respect of the Group's contributions to the defined contribution section of the pension scheme and cash supplements in respect of certain Partners in lieu of future pension accrual;*
- *Administrative expenses are in relation to the pension scheme. Net interest on the net defined benefit liability is made up of the interest cost on pension liabilities and interest income on pension assets.*

Amounts recognised in the income statement	**2025 £m**	2024 £m
Contribution expense[1]	**(120)**	(115)
Administrative expenses – funded by the pension scheme	**(4)**	(4)
Administrative expenses – funded by the employer	**(10)**	(15)
Total operating expense	**(134)**	(134)
Net interest on net defined benefit liability	**(15)**	(5)
Total pension charge	**(149)**	(139)

[1] Includes Group contributions to the defined contribution section of the pension scheme of £119m (2024: £114m), together with cash supplements in respect of certain Partners in lieu of future pension accrual of £1m (2024: £1m).

Notes to the consolidated financial statements (continued)
6.4 RECONCILIATION OF RETIREMENT BENEFITS

Amounts recognised in equity	**2025 £m**	2024 £m
Return on plan assets less than interest income	**(248)**	(657)
Remeasurements:		
– Gain from changes in financial assumptions	**188**	483
– Gain from changes in demographic assumptions	**7**	40
– Experience losses	**(11)**	(57)
Total loss recognised in equity	**(64)**	(191)

PURPOSE

The net defined benefit pension asset/(liability) is the difference between the total pension liability (being the expected cost of making future defined benefit pension payments) and scheme assets. The table below details movements in the net defined benefit pension asset/(liability) during the year. Movements in scheme assets are explained further in 6.5.

Movements in the net defined benefit asset/(liability) are as follows:

- *Pension expense, which is the cost associated with providing defined benefit pension benefits over the year. This is equal to the pension operating expense set out above in 6.3, but excluding contribution expense and administrative expenses met directly by the employer;*
- *Contributions paid into the scheme will increase the value of the net pension asset;*
- *Gains or losses recognised in equity relating to returns on plan assets being different to the interest income and remeasurements (explained further below).*

Reconciliation of net defined benefit (liability)/asset	**2025 £m**	2024 £m
Net defined benefit liability at beginning of year	**(287)**	(102)
Pension charge	**(19)**	(9)
Contributions	**7**	15
Total losses recognised in equity	**(64)**	(191)
Net defined benefit liability at end of year	**(363)**	(287)

PURPOSE

The total pension liability (or defined benefit obligation) represents the current cost of meeting the future benefits to be paid out by the scheme. The movements in the defined benefit obligation are broken down into key areas that impact the obligation as follows:

- *Future pension obligations are stated at present value. A discount rate is used to calculate the current value of the future liability;*
- *The interest on pensions liabilities is the unwinding of this discount rate and is charged to the income statement within net finance costs.*

Remeasurements arise from the uncertainty in making assumptions about future events when calculating the liability. These may arise from changes in assumptions, for example movements in the discount rate, or experience adjustments which result from differences between the assumptions made and what actually occurred over the period. Remeasurements are recognised in equity and shown in the statement of comprehensive income/(expense).

Any cash benefits paid out by the scheme will reduce the defined benefit obligation.

Notes to the consolidated financial statements (continued)
6.4 RECONCILIATION OF RETIREMENT BENEFITS (CONTINUED)

Reconciliation of defined benefit obligation	**2025** **£m**	2024 £m
Defined benefit obligation at beginning of year	**(4,030)**	(4,490)
Interest on pension liabilities	**(208)**	(204)
Remeasurements:		
– Gain from changes in financial assumptions	**188**	483
– Gain from changes in demographic assumptions	**7**	40
– Experience losses	**(11)**	(57)
Benefits paid	**207**	198
Defined benefit obligation at end of year	**(3,847)**	(4,030)

The scheme liabilities are 56.0% (2024: 54.8%) in respect of deferred scheme participants and 44.0% (2024: 45.2%) in respect of retirees.

The weighted average duration of the scheme liabilities at the end of the year is 15 years (2024: 16 years).

PURPOSE

The pension scheme holds a number of investments to meet future pension payments, referred to as the assets of the scheme. This note details movements in the value of pension assets during the year. The movements are broken down into key areas that impact the pension assets as follows:

- *Interest income on assets represents the expected return on investments if it is in line with the discount rate. It is calculated as the discount rate at the beginning of the year multiplied by the value of the assets at the beginning of the year. This is recognised within net finance costs in the income statement;*
- *Return on plan assets greater/(less) than interest income represents how much greater or less the actual return is than the interest income. This is recognised in equity and shown in the statement of comprehensive income/(expense).*

Any cash benefits paid out or expenses paid by the scheme will reduce the value of the scheme's assets.

Contributions paid into the scheme will increase the value of the scheme's assets.

Reconciliation of value of assets	**2025** **£m**	2024 £m
Value of assets at the beginning of year	**3,743**	4,388
Interest income on assets	**193**	199
Return on plan assets less than interest income	**(248)**	(657)
Benefits paid	**(207)**	(198)
Administrative expenses paid	**(4)**	(4)
Contributions	**7**	15
Value of assets at the end of year	**3,484**	3,743

Notes to the consolidated financial statements (continued)
6.5 ANALYSIS OF ASSETS

				2025				2024
	Quoted £m	**Unquoted £m**	**Total £m**	**Total %**	Quoted £m	Unquoted £m	Total £m	Total %
Equities								
UK	**-**	**-**	**-**	**0.0%**	-	-	-	-
Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Bonds								
Government – Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Corporates – UK	**-**	**-**	**-**	**0.0%**	-	-	-	-
Corporates – Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Property								
UK	**-**	**304**	**304**	**8.7%**	-	542	542	14.5%
	-							
Alternative assets								
Liability driven investments	**1,946**	**14**	**1,960**	**56.3%**	-	1,872	1,872	50.0%
Hedge funds	**-**	**110**	**110**	**3.2%**	-	139	139	3.7%
Private equity	**-**	**367**	**367**	**10.5%**	-	367	367	9.8%
Other alternative assets	**-**	**451**	**451**	**12.9%**	-	510	510	13.6%
Cash and other	**292**	**-**	**292**	**8.4%**	313	-	313	8.4%
Total market value of assets	**2,238**	**1,246**	**3,484**	**100.0%**	313	3,430	3,743	100.0%

Equities and bonds which are traded on active markets are included at the quoted price, which is normally the bid price. Level 3 assets are investments where a market quotable price is not available. The fair values of these assets are derived in accordance with IFRS 13 and provided by the relevant fund manager. Final audited year end valuations for some of these assets are not available until after the Group's annual financial statements have been signed.

Freehold properties are stated at fair value as determined by CBRE Ltd, who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers. Valuations included in the financial statements are valued as at 31 December 2024 in accordance with the current edition of the RICS Valuation – Professional Standards Global and UK, and Financial Reporting Standard 102. The valuer's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms, and reflects the rental income from current tenants, the remaining term of current leases, and market rents for the locations in which the properties are based. The fair value of the indirect property assets is based on the most recent available fund valuation at 31 December 2024 adjusted for cash flows to year end.

Hedge funds, private equity funds, private credit funds, insurance linked funds and infrastructure funds are valued at fair value by the investment managers or their third party agents, having regard to professional valuations, asset values and other appropriate financial information. Hedge funds and insurance linked funds are valued monthly including at the end of January. For private equity funds, private credit funds and infrastructure funds, fair values are based on the most recently available quarterly valuations adjusted where relevant for cash flows to year end. This is 31 December 2024 for all funds with the exception of £118m of private equity funds for which this is 30 September 2024. Various different valuation methods and assumptions are utilised by the fund managers as appropriate for the underlying investment including discounted cash flows, enterprise value, cost plus accrued interest and external pricing. Where internal cash flow modelling has been performed, significant assumptions will include discount rate and expected cash flows. The sensitivity of significant assumptions to the valuation of Level 3 assets has not been disclosed as the diversified nature of the portfolio and the wide range of different assumptions adopted by each fund manager make disclosure impractical.

Notes to the consolidated financial statements (continued)

6.5 ANALYSIS OF ASSETS (CONTINUED)

Due to the complex nature of valuing the quarterly priced assets, which includes private equity funds, private credit funds, infrastructure funds and property, no estimate has been used to determine the year end valuation for these assets to 25 January 2025 as any valuation difference is not expected to be material.

Assets sold after the year end and prior to signing of the financial statements are stated at the realised value within 'cash and other'.

Financial instruments including derivatives are valued in accordance with note 1.1.5.

Liability driven investments previously held in a Legal & General unit linked insurance policy fund were transferred into a portfolio of directly held securities during the year. At the year end the portfolio included Government bonds and cash equivalents valued at £2,537m (2024: £2,553m) and associated repurchase agreements and swaps valued at £(577)m (2024: £(681)m). This is part of the Trustee's interest rate and inflation hedging strategy (liability matching strategy).

Other alternative assets include investments in infrastructure funds of £172m (2024: £172m) and private debt £278m (2024: £337m).

Property assets include a segregated property portfolio valued at £219m (2024: £432m) and property assets held in private investment companies valued at £85m (2024: £110m).

Cash and other includes cash deposits of £287m (2024: £299m), pending cash for unsettled transactions of £5m (2024: £nil), forward foreign exchange contracts of £(7)m (2024: £nil) and other items valued at £7m (2024: £14m).

Actual return on assets	**2025 £m**	2024 £m
Interest income on assets	**193**	199
Return on plan assets less than interest income	**(248)**	(657)
Actual return on assets	**(55)**	(458)

6.6 SENSITIVITY ANALYSIS

PURPOSE

The defined benefit obligation is volatile given that it is based on a number of long-term assumptions, which are likely to change over time. Illustrated below is the sensitivity of the defined benefit obligation to changes in key assumptions.

The sensitivities have been derived using approximate methods which are consistent with the rest of the disclosure and calculated by changing the relevant assumption while holding all other assumptions constant, except where this directly impacts other assumptions, such as pension increase assumptions which are also based on consumer price inflation indices:

	£m	**% change**
Defined benefit obligation as at 25 January 2025	(3,847)	
Sensitivity of:		
– 0.1% pts increase to discount rate[1]	55	1.4%
– 1.0% pts increase to discount rate[1]	495	12.9%
– 0.1% pts increase to retail price inflation	(16)	-0.4%
– 0.1% pts increase to consumer price inflation	(20)	-0.5%
– A one-year increase in life expectancy	(98)	-2.5%

[1] The discount rate and inflation sensitivities do not allow for the impact of the liability matching strategy, which is designed to hedge interest rate (based on movements in gilts) and inflation risks related to the pension scheme's liabilities (as measured on the actuarial basis). It is not feasible to disclose the sensitivity of the liability matching strategy to movements in IAS 19 assumptions as the liability matching strategy has been put in place by the Trustee to match the actuarial liability not the IAS 19 liability to which the sensitivities disclosed above relate.

Notes to the consolidated financial statements (continued)

6.7 OTHER ARRANGEMENTS

JLP Scottish Limited Partnership

On 30 January 2010, the Group entered into an arrangement with the Trustee to address an element of the scheme deficit that existed at that time.

The Group established two partnerships, JLP Scottish Limited Partnership and JLP Scottish Partnership, which are both consolidated within these Group financial statements.

Together with another Group company, JLP Scottish Limited Partnership provided sufficient capital to JLP Scottish Partnership to enable it to procure property assets with an original market value of £151m from other Group companies in 2010. The Group retains control over these properties, including the flexibility to substitute alternative properties. The properties held in JLP Scottish Partnership have been leased back to John Lewis plc and Waitrose Limited.

As a partner in JLP Scottish Limited Partnership, the pension scheme is entitled to an annual share of the profits of the JLP Scottish Limited Partnership each year over 21 years, from 2010. At the end of this period, the Group capital allocated to the pension scheme will be reassessed, depending on the funding position of the pension scheme at that time, with a potential value of up to £100m. At that point, the Group may be required to transfer this amount in cash to the scheme.

Under IAS 19, the investment held by the pension scheme in JLP Scottish Limited Partnership, a consolidated entity, does not represent a plan asset for the purpose of the Group's consolidated financial statements. Accordingly, the pension deficit position presented in these consolidated accounts does not reflect the £88m (2024: £80m) investment in JLP Scottish Limited Partnership held by the pension scheme. The distribution of JLP Scottish Limited Partnership profits to the pension scheme is reflected as pension contributions in these consolidated financial statements on a cash basis.

John Lewis Properties plc guarantee

As part of agreeing the funding valuation in 2017, John Lewis Properties plc provided a corporate guarantee to the pension scheme. This guarantee, which was amended in 2020, means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against John Lewis Properties plc for those payments. As part of the guarantee, John Lewis Properties plc is required to maintain an adjusted net asset value of at least £800m, or £760m if any reduction in this value results from a fall in the market value of properties

Waitrose Limited guarantee

As part of agreeing the funding valuation in 2020, Waitrose Limited provided a corporate guarantee to the pension scheme. This guarantee means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against Waitrose Limited for those payments. There is no requirement for Waitrose Limited to maintain a minimum net asset position.

The guarantees have improved the recovery to the pension scheme in the event of insolvency of the Group. The pension scheme would be entitled to claim against either or both of John Lewis Properties plc and Waitrose Limited under these arrangements. The fair value of these guarantees is immaterial as there is negligible credit risk. This reflects that the Group is a going concern and therefore the probability of the guarantees being exercised by the Trustee is considered remote.

Notes to the consolidated financial statements (continued)
7 FINANCIAL RISK MANAGEMENT
7.1 MANAGEMENT OF FINANCIAL RISKS

PURPOSE

The principal financial risks that we are exposed to relate to the capital structure and long-term funding of the Group and also to the markets and counterparties we are exposed to in our operations. These risks can be summarised as: capital and long-term funding risk, liquidity risk, interest rate risk, foreign currency risk, credit risk and energy risk. This note details how each of these risks is managed.

7.1.1 CAPITAL AND LONG-TERM FUNDING RISK

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for its Partners and to maintain a prudent level of funding. The Group is a long-term business, held in trust for the benefit of its Partners.

The Group's capital management strategy is to maintain a prudent capital structure, seeking to maintain a financial risk profile consistent with an investment grade credit rating to ensure the long-term financial sustainability of the Group. Although the Group does not have an external credit rating, it routinely monitors its capital and liquidity requirements, whilst maintaining an appropriate level of liquidity (cash plus undrawn committed credit facilities) and a managed debt maturity profile to reduce refinancing risk and ensure continuity of funding. Forms of borrowing include bond issues, bank debt, assets acquired via leases and any pension deficit.

7.1.2 LIQUIDITY RISK

In line with the Partnership Board approved Treasury Standard, the Group is required to hold a minimum amount of liquidity, made up of a mixture of cash and undrawn committed credit facilities. Liquidity requirements are managed in line with short- and long-term cash flow forecasts and reviewed against the Group's debt portfolio and maturity profile. Surplus cash is invested in accounts, short-term deposits and other short-term investments with sufficient, prudent liquidity determined by the above mentioned cash flow forecasts. The Group actively reviews and manages its cash holdings, sources of debt and committed credit facilities. Greater emphasis has been placed on cash balances providing a material portion of the Group's overall liquidity, with undrawn committed credit facilities complementing these balances.

At the year end, the Group had an undrawn committed credit facility of £420m (2024: £420m). This facility matures in October 2026. In addition to this facility the Group had a listed bond at the year end totalling £300m (2024: £600m), due to mature in 2034. The bond has a fixed coupon. The Group repaid a £300m listed bond at maturity in January 2025. The maturity profiles of financial debt are set out below.

The Group's listed bonds, bank loans and committed credit facilities contain financial covenants. Throughout the year, the Group maintained comfortable headroom against its covenants. The following analysis shows the contractual undiscounted cash flows payable under financial liabilities and derivative financial liabilities at the balance sheet date:

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(426)	(431)	-	-	(431)
Interest payments on borrowings	-	(156)	(23)	(23)	(110)
Other liabilities held at amortised cost	(60)	**(82)**	**(4)**	**(4)**	**(74)**
Lease liabilities[1]	(1,804)	(2,918)	(237)	(230)	(2,451)
Trade and other payables	(1,431)	(1,431)	(1,431)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	372	322	50	-
Derivative contracts – payments	-	(371)	(321)	(50)	-
At 25 January 2025	**(3,721)**	**(5,017)**	**(1,694)**	**(257)**	**(3,066)**

[1] The lease liabilities due two years and beyond can be further broken down as £(625)m 2-5 years, £(827)m 5-10 years, £(482)m 10-15 years and £(517)m 15 years and beyond.

Notes to the consolidated financial statements (continued)
7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)
7.1.2 LIQUIDITY RISK (CONTINUED)

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(721)	(731)	(300)	-	(431)
Interest payments on borrowings	-	(188)	(42)	(23)	(123)
Other liabilities held at amortised cost	(62)	(86)	(4)	(4)	(78)
Lease liabilities[1]	(1,849)	(2,885)	(226)	(213)	(2,446)
Trade and other payables	(1,376)	(1,376)	(1,376)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	385	327	58	-
Derivative contracts – payments	-	(400)	(341)	(59)	-
At 27 January 2024	**(4,008)**	**(5,281)**	**(1,962)**	**(241)**	**(3,078)**

[1] The lease liabilities due two years and beyond can be further broken down as £(588)m 2-5 years, £(789)m 5-10 years, £(494)m 10-15 years and £(575)m 15 years and beyond.

For the purposes of this note, the foreign currency element of forward foreign currency contracts is translated at spot rates prevailing at the year end.

7.1.3 INTEREST RATE RISK

In order to manage the risk of interest rate fluctuations on the Group's financial debt and cash, the Group maintains a mix of fixed and floating rate debt (68% fixed) in line with the Partnership Board approved Treasury Standard. An analysis of the Group's financial liabilities is detailed below. Exposures to interest rate fluctuations are managed, when required, using interest rate derivatives. The interest rate swap contracts were designated as fair value hedges and fair value movements were recognised within the income statement. Derivative financial instruments recognised as fair value hedges during the year were effective.

7.1.4 FOREIGN CURRENCY RISK

The Group uses derivative financial instruments to manage exposures to movements in exchange rates arising from transactions with overseas based suppliers and other organisations. A foreign exchange management committee exists and meets regularly to oversee the foreign exchange purchasing activities for each brand. Foreign currency exposures are hedged primarily using forward foreign exchange contracts covering up to 100% of forecast direct exposures on a rolling basis. Forward foreign exchange contracts used to hedge forecast currency requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow hedges during the year were effective. At the balance sheet date, the notional value of open forward foreign currency contracts of £372m (2024: £378m) had been entered into, to hedge purchases in foreign currencies which will mature over the next 24 months.

Notes to the consolidated financial statements (continued)

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.5 CREDIT RISK

The Group has no significant exposure to an individual customer's credit risk due to transactions being principally of a high volume, low value and short maturity. Cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. These risks are managed by restricting such transactions to an approved list of counterparties, who have an investment grade credit rating by at least two of the three primary rating agencies. Appropriate credit limits are designated to each counterparty.

The Group considers its maximum exposure to credit risk is as follows:

	2025	2024
	£m	£m
Trade and other receivables	**241**	219
Short-term investments	**153**	260
Cash and cash equivalents	**924**	1,028
Derivative financial instruments	**6**	2
	1,324	1,509

7.1.6 ENERGY RISK

The Group actively manages the energy cost risk associated with the Group's activities. The Group regularly reviews its pricing exposure to diesel, electricity and gas consumption and determines strategies for forward purchasing and hedging of energy costs using flexible purchase contracts and by entering into over-the-counter diesel swap contracts.

Road fuel cost exposures are hedged primarily using over-the-counter diesel and gas swaps covering up to 100% of forecast direct exposures on a rolling basis. Swaps used to hedge forecast road fuel requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow value hedges during the year were effective. At the balance sheet date, the notional value of open swaps of £7m (2024: £6m) had been entered into, to hedge future purchases of road fuel.

7.1.7 SENSITIVITY ANALYSIS

The following analysis illustrates the sensitivity of the Group's financial instruments to changes in market variables, namely UK interest rates and the US Dollar and Euro to Sterling exchange rates. The level of sensitivities chosen, being 1% movement in Sterling interest rates and a 10% movement in Sterling when compared to the US Dollar and Euro, provide a reasonable basis to measure sensitivity whilst not being the Group's view of what is likely to happen in the future.

The analysis excludes the impact of movements in other provisions and market variables on the carrying value of pension, which are included in notes 5.6 and 6.6.

The analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating rate borrowings and the proportion of financial instruments in foreign currencies are constant throughout the year, based on positions as at year end.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of interest costs to movements in interest rates is calculated using floating rate debt and investment balances prevailing at the year end;
- Changes in the carrying value of derivative financial instruments not in hedging relationships are assumed only to affect the income statement;
- All derivative financial instruments designated as hedges are assumed to be fully effective.

		2025		2024
	Income statement +/- £m	**Equity +/- £m**	Income statement +/- £m	Equity +/- £m
UK interest rates +/- 1% (2024: +/- 1%)	**8**	**-**	6	-
US Dollar exchange rate (GBP/USD) +/- 10% (2024: +/- 10%)	**-**	**23**	-	21
Euro exchange rate (GBP/EUR) +/- 10% (2024: +/- 10%)	**-**	**11**	-	12

7.2 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

PURPOSE

This note sets out the currency exposure of our financial assets and liabilities. The currency analysis details the amount of financial assets, primarily cash and cash equivalents, and financial liabilities, held in Sterling or other currencies, together with the amounts at floating or fixed interest rates. The maturity analysis provides an indication of repayment phasing for the financial liabilities.

7.2.1 ANALYSIS OF FINANCIAL ASSETS

Short-term trade and other receivables and derivative financial assets are excluded from this analysis, on the basis that they are primarily non-interest bearing and denominated in Sterling.

Currency analysis	**Floating rate £m**	**Non-interest bearing £m**	**Total £m**
Sterling financial assets	969	108	1,077
Other financial assets	-	-	-
At 25 January 2025	**969**	**108**	**1,077**
Sterling financial assets	1,190	97	1,287
Other financial assets	1	-	1
At 27 January 2024	1,191	97	1,288

Floating rate assets are short-term deposits and investments at market rates or the base rate of the relevant currency. Non-interest bearing balances include cash in shops and credit and debit card transactions not yet settled.

7.2.2 ANALYSIS OF FINANCIAL LIABILITIES

Short-term trade payables are excluded from this analysis on the basis that they are all non-interest bearing.

Currency analysis	**Fixed rate £m**	**Floating rate £m**	**Total £m**
All Sterling			
At 25 January 2025	**(2,160)**	**(130)**	**(2,290)**
At 27 January 2024	(2,348)	(228)	(2,576)

Notes to the consolidated financial statements (continued)

8 OTHER NOTES

8.1 SHARE CAPITAL

PURPOSE

Share capital consists of ordinary shares. It is measured as the number of shares issued and fully paid, multiplied by their nominal value.

	2025	2024
	Issued and fully paid	Issued and fully paid
	£m	£m
Equity		
Deferred ordinary shares		
6,750,000 of £1 each	**7**	7

8.2 RELATED PARTY TRANSACTIONS

PURPOSE

Two or more parties are considered to be related if one party has direct or indirect control or significant influence over financial or operating policies of the other party. We have a number of related parties with whom we transact, including the Pension Scheme Trustee, key management personnel and certain related charities. We are required by UK-adopted IFRS to detail the transactions made in the year with related parties to draw attention to the possibility that our financial position and results may have been affected by them. This disclosure allows us to demonstrate that we are transacting fairly with all our related parties.

8.2.1 SUBSIDIARIES AND RELATED UNDERTAKINGS

All transactions between the Group and its direct and indirect subsidiaries and related undertakings are eliminated upon consolidation, and therefore do not need to be disclosed separately. A list of subsidiaries and related undertakings within the Group is included within note 29. Loans to joint ventures are disclosed in note 3.5.

8.2.2 ARRANGEMENTS WITH PENSION SCHEME TRUSTEE

The Group entered into an arrangement with the Pension Scheme Trustee on 30 January 2010. Details of this arrangement are set out in note 6.7.

8.2.3 OTHER TRANSACTIONS

Key management compensation has been disclosed in note 2.9.3.

During the year the Group provided administrative support services to charities related to the Group. The estimated value of these support services is £0.2m (2024: £0.2m). The Group also made donations totalling £2m (2024: £1m) to the John Lewis Partnership Foundation.

8.3 SUBSEQUENT EVENTS

PURPOSE

Events that take place after the balance sheet date of 25 January 2025 and before the date the financial statements are signed are recorded in this note. In order to be disclosed, these events must be sufficiently material to warrant disclosure.

Since 25 January 2025, there have been no subsequent events which require disclosure in the financial statements.

JOHN LEWIS PLC - COMPANY ONLY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET as at 25 January 2025

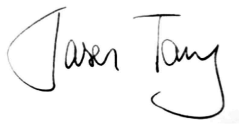
Notes		2025 £m	2024 Restated[1] £m
	Non-current assets		
12	Intangible assets	**233**	264
13	Property, plant and equipment	**509**	551
13	Right-of-use assets	**581**	582
17	Trade and other receivables	**9**	13
	Derivative financial instruments	**1**	1
14	Investments in subsidiaries	**308**	707
15	Investment in and loans to joint venture	**6**	5
24	Deferred tax asset	**155**	143
		1,802	2,266
	Current assets		
16	Inventories	**439**	403
17	Trade and other receivables	**281**	259
	Current tax receivable	**45**	19
	Derivative financial instruments	**5**	1
18	Short-term investments	**145**	260
19	Cash and cash equivalents	**835**	909
		1,750	1,851
	Total assets	**3,552**	4,117
	Current liabilities		
20	Borrowings and overdrafts	**-**	(296)
21	Trade and other payables	**(1,359)**	(1,566)
22	Lease liabilities	**(61)**	(59)
23	Provisions	**(81)**	(88)
	Derivative financial instruments	**(3)**	(15)
		(1,504)	(2,024)
	Non-current liabilities		
20	Borrowings	**(426)**	(425)
21	Trade and other payables	**(19)**	(22)
22	Lease liabilities	**(854)**	(880)
	Other liabilities held at amortised costs	**(2)**	-
23	Provisions	**(100)**	(105)
	Derivative financial instruments	**-**	(1)
26	Retirement benefit obligations	**(275)**	(207)
		(1,676)	(1,640)
	Total liabilities	**(3,180)**	(3,664)
	Net assets	**372**	453
	Equity		
27	Share capital	**7**	7
	Other reserves	**1**	(6)
	Retained earnings	**364**	452
	Total equity	**372**	453

[1] See accounting policy note 9.

COMPANY BALANCE SHEET as at 25 January 2025 (continued)

The retained loss for the period amounted to £51m loss (2024: £32m loss, restated, see accounting policy note 9).

The financial statements on pages 92 to 108 were approved by the Board of Directors on 10 April 2025 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis plc.




Jason Tarry and Andy Mounsey
Directors, John Lewis plc
10 April 2025
Registered number: 00233462

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

STATEMENT OF CHANGES IN EQUITY for the 52 week period ended 25 January 2025

Notes		Share capital £m	Hedging reserve £m	Retained earnings Restated[1] £m	Total equity Restated[1] £m
	Balance at 29 January 2023 - as reported	**7**	**3**	**718**	**728**
	Prior year adjustment, see note 9	-	-	(103)	(103)
	Balance at 29 January 2023 - restated[1]	**7**	**3**	**615**	**625**
10	Loss for the year - restated[1]	-	-	(32)	(32)
	Remeasurement of defined benefit pension scheme	-	-	(178)	(178)
	Fair value loss on cash flow hedges	-	(11)	-	(11)
	Tax on above items recognised in equity	-	4	47	51
	Total comprehensive expense for the year - restated[1]	-	(7)	(163)	(170)
	Hedging gains transferred to cost of inventory	-	(2)	-	(2)
	Balance at 27 January 2024 - restated[1]	**7**	**(6)**	**452**	**453**
10	Loss for the year	-	-	(51)	(51)
	Remeasurement of defined benefit pension scheme	-	-	(53)	(53)
	Fair value loss on cash flow hedges	-	(1)	-	(1)
	Tax on above items recognised in equity	-	(2)	16	14
	Total comprehensive expense for the year	-	(3)	(88)	(91)
	Hedging losses transferred to cost of inventory	-	10	-	10
	Balance at 25 January 2025	**7**	**1**	**364**	**372**

[1] See accounting policy note 9.

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

Notes to the company financial statements

9 ACCOUNTING POLICIES

9.1 BASIS OF PREPARATION

The separate financial statements of the Company are prepared in accordance with United Kingdom Accounting Standards and in conformity with the requirements of the Companies Act 2006, in particular Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 using the historical cost convention. 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 paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs for fair value measurement of assets and liabilities);
- 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 paragraph 52 of IFRS 16 Leases;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - Paragraph 79(a)(iv) of IAS 1;
    - Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - Paragraph 118(e) of IAS 38 Intangible Assets;
- The following paragraphs of IAS 1 Presentation of financial statements:
    - 10(d) (statement of cash flows);
    - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
    - 40A - 40D (requirements for a third statement of financial position);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B - 38D (additional comparative information);
    - 111 (statement of cash flows information);
    - 134 - 136 (capital management disclosures);
- The requirements of IAS 7 Statement of cash flow;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and error (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 Related party disclosures (key management compensation);
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Company's accounting policies are aligned with the Group's accounting policies as described in note 1 to the consolidated financial statements. Additional accounting policies are noted below.

The financial year is the 52 weeks ended 25 January 2025 (prior year: 52 weeks ended 27 January 2024).

Notes to the company financial statements (continued)

9 ACCOUNTING POLICIES (CONTINUED)

9.1 BASIS OF PREPARATION (CONTINUED)

Prior year restatement

During the year, the Directors identified certain intercompany store assets on the Company's balance sheet had not been appropriately considered for impairment. In accordance with IAS 8, the opening balance sheet for the comparative period has been restated to record a provision for store impairment net of deferred tax. The effect is to reduce the Company's net assets by £103m at 29 January 2023 and £100m at 27 January 2024. The income statement for 2023/24 has been restated to reflect additional impairment releases of £3m. There is no impact on the consolidated financial statements.

	Balance at 27 January 2024 - as reported	Prior year adjustment	**Balance at 27 January 2024 - restated**
	£m	£m	**£m**
Retained loss for the period	**(35)**	3	**(32)**
Retained earnings at 29 January 2023	**718**	(103)	**615**
Retained earnings at 27 January 2024	**552**	(100)	**452**
Property, plant and equipment	**573**	(22)	**551**
Right-of-use assets	**664**	(82)	**582**
Deferred tax assets	**139**	4	**143**
Net assets	**553**	(100)	**453**

Going concern

In determining the appropriate basis of preparation of the financial statements for the 52 week period ended 25 January 2025, 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 with specific consideration to the Company in the context of the trading position, for the reasons set out in note 1.1.1. 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.

9.2 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company has a number of investments in subsidiary companies. Investments are valued at cost, less allowances for impairment. Investments are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable.

Notes to the company financial statements (continued)

9 ACCOUNTING POLICIES (CONTINUED)

9.3 AMENDMENTS TO ACCOUNTING STANDARDS

The following standards, amendments and interpretations were applicable for the periods beginning after 1 January 2024 and therefore adopted by the Company for the period from 28 January 2024 to 25 January 2025. The adoption of these standards has not had a significant impact on the Company's results, financial position or disclosures:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 17 Insurance Contracts: Supplier Finance Arrangements;
- Amendments to IFRS 16 Lease liability in a Sale and Leaseback.

The Company is assessing the impact of the following new and amended standards, which have been issued or are awaiting endorsement by the UK Endorsement Board:

- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for periods starting on or after 1 January 2025);
- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (effective for periods starting on or after 1 January 2026);
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for periods starting on or after 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements (effective for periods starting on or after 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for periods starting on or after 1 January 2027).

10 PROFIT AND LOSS OF THE COMPANY FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, John Lewis plc has not presented its own income statement or statement of comprehensive income/(expense). The result dealt with in the accounts of the Company amounted to £51m loss (2024: £32m loss, restated, see accounting policy note 9). There was £nil dividend income in the year (2024: £2m). Details of auditor's remuneration are provided in note 2.7 to the consolidated financial statements of the Group.

Notes to the company financial statements (continued)

11 PARTNERS

11.1 PARTNER NUMBERS

The Partner numbers and benefits referred to below relate to Partners contracted by the Company in John Lewis branches and central functions. Full employee numbers are provided in note 2.9.1 to the consolidated financial statements of the Group.

During the year the average number of Partners employed by the Company was as follows:

	2025	2024
John Lewis	**19,400**	20,500
Other	**2,900**	2,800
	22,300	23,300

11.2 PARTNER PAY AND BENEFITS

Employment and related costs were as follows:

	2025 £m	2024 £m
Staff costs:		
Wages and salaries	**(676)**	(643)
Social security costs	**(59)**	(55)
Partnership Bonus	**-**	-
Employers' National Insurance on Partnership Bonus	**-**	-
Other pension charge	**(60)**	(65)
Long leave cost	**(2)**	(2)
Total before Partner discounts	**(797)**	(765)
Partner discounts (excluded from revenue)	**(46)**	(47)
	(843)	(812)

Included above are the following amounts in respect of key management compensation:

	2025 £m	2024 £m
Salaries and short-term benefits	**(8)**	(7)
Post-employment benefits[1]	**(1)**	(1)
Termination provisions[2]	**-**	(1)
	(9)	(9)

[1] Includes cash supplements in lieu of future pension accrual.

[2] Includes contractual payments and compensation for loss of office.

Key management includes the Directors of the Company, members of the Executive Team and other officers of the Group. Key management compensation includes salaries, Partnership Bonus, National Insurance costs, pension costs and the cost of other employment benefits, such as company cars, private medical insurance and termination payments where applicable. Costs of key management compensation are included within operating expenses and exceptional items as applicable.

Notes to the company financial statements (continued)

11 PARTNERS (CONTINUED)

11.2 PARTNER NUMBERS (CONTINUED)

Key management participate in the Group's long leave scheme, which is open to all Partners and provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. It is not practical to allocate the cost of accruing entitlement to this benefit to individuals, and therefore no allowance has been made for this benefit in the amounts disclosed.

11.3 DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed in note 2.9.4 to the consolidated financial statements.

12 INTANGIBLE ASSETS

	Computer software			
	Purchased	**Internally developed**	**Work in progress**	**Total**
	£m	**£m**	**£m**	**£m**
Cost				
At 27 January 2024	239	548	49	836
Additions[1]	-	-	84	84
Transfers	44	47	(91)	-
Disposals and write-offs	(25)	(29)	(2)	(56)
At 25 January 2025	**258**	**566**	**40**	**864**
Accumulated amortisation				
At 27 January 2024	(154)	(418)	-	(572)
Charge for the year	(48)	(65)	-	(113)
Disposals and write-offs	25	29	-	54
At 25 January 2025	**(177)**	**(454)**	**-**	**(631)**
Net book value at 27 January 2024	85	130	49	264
Net book value at 25 January 2025	**81**	**112**	**40**	**233**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on intangible assets of £2m (2024: £3m).

Intangible assets principally relate to customer and distribution projects with useful economic lives of up to ten years.

There are three individually significant assets within the total carrying amount of intangible assets as at 25 January 2025: two are customer projects (£111m, 2024: £131m) and one relates to a distribution project (£29m, 2024: £38m). These assets have useful economic lives ranging from three to ten years.

During the year to 25 January 2025, computer systems valued at £91m (2024 £84m) were brought into use. This covered a range of selling, support, supply chain, administration and information technology infrastructure applications, with useful economic lives ranging from three to seven years.

Amortisation of intangible assets is charged within operating expenses.

Notes to the company financial statements (continued)
13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Land and buildings - restated[2]	Fixtures, fittings and equipment - restated[2]	Assets in course of construction	Total - restated[2]
	£m	£m	£m	£m
Cost				
At 27 January 2024	942	926	61	1,929
Additions[1]	-	-	73	73
Transfers	24	12	(59)	(23)
Disposals and write-offs	(47)	(105)	-	(152)
At 25 January 2025	**919**	**833**	**75**	**1,827**
Accumulated depreciation				
At 27 January 2024 - restated[2]	(664)	(714)	-	(1,378)
Charge for the year[3]	(35)	(59)	-	(94)
Transfers	4	-	-	4
Disposals and write-offs	46	104	-	150
At 25 January 2025	**(649)**	**(669)**	**-**	**(1,318)**
Net book value at 27 January 2024 - restated[2]	278	212	61	551
Net book value at 25 January 2025	**270**	**164**	**75**	**509**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £13m (2024: £11m).
[2] See accounting policy note 9.
[3] For the 52 week period ended 25 January 2025, this includes an impairment charge of £5m to land and buildings (2024: £31m charge, restated, see accounting policy note 9) and a charge of £10m to fixtures and fittings (2024: £1m credit, restated, see accounting policy note 9).

In accordance with IAS 36, the Company reviews its property, plant and equipment for impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable.

The impairment review compares the recoverable amount for each CGU to the carrying value on the balance sheet and includes right-of-use assets. The key assumptions used in the calculations are the discount rate, long-term growth rate, allocation of online sales and central costs, expected sales performance and costs, and market valuations considered in fair value less costs of disposal calculations.

Right-of-use assets	Land and buildings - restated[1] £m	Fixtures, fittings and equipment - restated[1] £m	Total - restated[1] £m
Net book value at 28 January 2023 - restated[1]	550	33	583
Additions	18	16	34
Disposals including lease terminations, modifications and reassessments	(14)	-	(14)
Depreciation charge - restated[1, 2]	(13)	(8)	(21)
Net book value at 27 January 2024 - restated[1]	**541**	**41**	**582**
Additions	54	16	70
Disposals including lease terminations, modifications and reassessments	(12)	-	(12)
Depreciation charge[2]	(48)	(11)	(59)
Net book value at 25 January 2025	**535**	**46**	**581**

[1] See accounting policy note 9.
[2] For the 52 week period ended 25 January 2025, this includes an impairment release of £5m (2024: release of £30m, restated: see accounting policy note 9).

Notes to the company financial statements (continued)

14 INVESTMENTS IN AND LOANS TO SUBSIDIARIES

The Company has the following investments at 25 January 2025.

	Shares in Group companies	Loans to Group companies	Total
	£m	£m	£m
At 27 January 2024	46	661	707
Movements	-	(399)	(399)
At 25 January 2025	**46**	**262**	**308**

A list of subsidiary undertakings is provided in note 29.

15 INVESTMENTS IN AND LOANS TO JOINT VENTURE

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the balance sheet.

The Company financial statements include the Company's share of the profit or loss and other comprehensive income of the equity accounted investees, from the date that joint control commences until the date that joint control ceases.

John Lewis plc and GXO Logistics UK II Limited are both investors in Clicklink Logistics Limited. Each party owns 50.0% of the equity of Clicklink Logistics Limited and decisions regarding Clicklink Logistics Limited require the unanimous consent of both parties.

	Investment £m	Loan £m	Total £m
Cost			
At 27 January 2024	2	1	3
Additions	-	-	-
At 25 January 2025	**2**	**1**	**3**
Share of profit			
At 27 January 2024	2	-	2
Share of profit	1	-	1
At 25 January 2025	**3**	**-**	**3**
At 27 January 2024	4	1	5
At 25 January 2025	**5**	**1**	**6**

Notes to the company financial statements (continued)
16 INVENTORIES

	2025 £m	2024 £m
Finished goods and goods for resale	**439**	403
	439	403

The cost of inventory recognised as an expense by the Company in the year was £2,322m (2024: £2,307m). Provisions against inventories of £25m were charged (2024: £25m) to cost of sales.

Finished goods and goods for resale include a 'right to return goods' asset of £11m (2024: £11m). This relates to the Group's expected returns inventory based on previous rates of return.

17 TRADE AND OTHER RECEIVABLES

	2025 £m	2024 £m
Current:		
Trade receivables	**45**	42
Other receivables[1]	**123**	114
Prepayments	**70**	64
Accrued income	**43**	39
	281	259
Non-current:		
Other receivables	**3**	4
Prepayments	**6**	9
	9	13

[1] The Group operates the BonusSave scheme, a share incentive plan (SIP) which allowed Partners to elect to invest part of their Partnership Bonus back into the Group (see John Lewis Partnership plc's Annual Report and Accounts note 5.1). Included within other receivables is a balance of £96m (2024: £92m) due from John Lewis Partnership Trust Limited in relation to SIP shares in issue but not allocated to Partners.

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. Within trade receivables is supplier income which has been invoiced where there is no legal right to offset. Included in trade payables are invoices for supplier income where there is a right to offset and the Company intends to offset against amounts owed to suppliers (see note 21).

Within accrued income, there is £28m (2024: £23m) in relation to supplier income which has not yet been invoiced.

The Company recognises loss allowances for expected credit losses within operating and administrative expenses in the income statement. As at 25 January 2025, trade and other receivables of £18m (2024: £23m) were past due but not impaired. The ageing analysis of the past due amounts is as follows:

Ageing analysis	2025 £m	2024 £m
Up to 3 months past due	**18**	23
3 to 12 months past due	**-**	-
Over 12 months past due	**-**	-
	18	23

18 SHORT-TERM INVESTMENTS

	2025 £m	2024 £m
Short-term investments	**145**	260

For the 52 week period ended 25 January 2025, the effective interest rate on short-term investments was 5.3% (2024: 5.4%) and these investments had an average maturity of 134 days (2024: 109 days).

19 CASH AND CASH EQUIVALENTS

	2025 £m	2024 £m
Cash at bank and in hand	**83**	65
Short-term deposits	**752**	844
	835	909

For the 52 week period ended 25 January 2025, the effective interest rate on short-term deposits was 5.0% (2024: 4.2%) and these deposits had an average maturity of eight days (2024: two days).

Cash at bank and in hand includes cash equivalents of credit and debit card transactions not yet settled and other cash in transit balances of £33m (2024: £21m).

20 BORROWINGS AND OVERDRAFTS

	2025 £m	2024 £m
Current:		
6⅛% bonds, 2025[1]	-	(300)
Fair value adjustment for hedged element on bonds	-	4
	-	(296)
Non-current:		
Bank loans	**(131)**	(131)
41/8% bonds, 2034	**(300)**	(300)
Unamortised bond transaction costs	**5**	6
	(426)	(425)

[1] During the year, the Partnership repaid the 6⅛% £300m bond at maturity in January 2025.

All borrowings are unsecured, denominated in Sterling, and are repayable on the dates shown, at par.

Notes to the company financial statements (continued)

21 TRADE AND OTHER PAYABLES

	2025 £m	2024 £m
Current:		
Trade payables	**(486)**	(503)
Amounts owed to parent company[1]	**(100)**	(100)
Amounts owed to Group companies	**(364)**	(572)
Other payables	**(117)**	(128)
Other taxation and social security	**(129)**	(113)
Accruals	**(96)**	(90)
Deferred income	**(67)**	(60)
Partnership Bonus	**-**	-
	(1,359)	(1,566)
Non-current:		
Deferred income	**(19)**	(22)
	(19)	(22)

[1] The Company operates the BonusSave scheme, a share incentive plan (SIP) which allowed Partners to elect to invest part of their Partnership Bonus back into the Company (see John Lewis plc Annual Report and Accounts note 5.1). Included within amounts owed to parent company is a balance of £104m in relation to the SIP shares in issue, of which £96m relates to SIP shares in issue but not allocated to Partners. There is an offsetting equivalent balance in relation to these shares included within other receivables. The remaining £8m relates to SIP shares held by Partners.

The carrying amount of trade and other payables approximates to fair value.

Included in deferred income are contract liabilities for free warranties of £24m (2024: £26m) and payments from customers for goods and services sold but not delivered of £51m (2024: £41m). During the year an amount of £17m (2024: £17m) was recognised in the income statement in relation to free warranties matching to the period over which the free warranties are utilised. The deferral for the year was £15m (2024: £17m). All of the contract liabilities for goods and services sold but not delivered at 27 January 2024 have been recognised as revenue in the 52 week period ended 25 January 2025.

22 LEASE LIABILITIES

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

	2025 £m	2024 - restated[1] £m
Depreciation charge for right-of-use assets, including impairment[2] - restated[1]	**(59)**	(21)
Interest expense on lease liabilities	**(47)**	(47)
Expense relating to short-term leases	**(2)**	(3)
Expense relating to variable lease payments not included in lease liabilities	**(1)**	(1)
Total cash outflow for leases comprising interest and capital payments	**(107)**	(103)
Additions to right-of-use assets[2]	**70**	34
Carrying amount of right-of-use assets[2] - restated[1]	**581**	582
Income from sub-leasing right-of-use assets	**3**	3

[1] See accounting policy note 9.
[2] See note 13.

Lease liabilities repayable by instalments falling due after more than five years are £679m (2024: £720m).

Notes to the company financial statements (continued)

23 PROVISIONS

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 27 January 2024	**(122)**	**(22)**	**(15)**	**(5)**	**(29)**	**(193)**
Charged in the year	(6)	(20)	(8)	(36)	(11)	(81)
Released in the year	-	-	2	9	-	11
Utilised	14	22	9	24	13	82
At 25 January 2025	**(114)**	**(20)**	**(12)**	**(8)**	**(27)**	**(181)**
Of which:						
Current	(41)	(20)	(6)	(8)	(6)	(81)
Non-current	(73)	-	(6)	-	(21)	(100)

The Group has a long leave scheme, open to all Partners, which provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is assessed on an actuarial basis, reflecting Partners' expected service profiles, salary growth, National Insurance and overtime earnings assumptions. The real discount rate applied differs from the real discount rate used for the Group's retirement benefits (note 6.1 to the consolidated financial statements) as it reflects a rate appropriate to the shorter duration of the long leave liability, so as to accrue the cost over Partners' service periods.

Provisions for customer refunds reflect the Group's expected liability for returns of goods sold based on experience of rates of return.

The provision for insurance claims covers potential liabilities arising from claims that fall below certain thresholds. These claims relate to the Partnership's employer's, public and vehicle third party liability insurances. The provision is recognised when there is a present obligation arising from a past event, including both reported and incurred but not reported claims as of the reporting date. The provision is calculated using independent actuarial assessments.

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to head office reviews, shop closures and the review of shop management structures (note 2.5 to the consolidated financial statements).

Other provisions primarily include property-related costs, principally dilapidations provisions. Dilapidations provisions are calculated with reference to specific lease terms, where we can reliably estimate the expected cost and that payment for dilapidations is probable. The effect of discounting non-current provisions is not individually material.

Notes to the company financial statements (continued)
24 DEFERRED TAX
24.1 DEFERRED TAX

Deferred tax is calculated on temporary differences using the rate of Corporation Tax for companies with profits over £250,000 which is 25%. The movement on the deferred tax account is shown below:

Deferred tax	2025 £m	2024 - restated[1] £m
Opening net asset/(liability) - restated[1]	**143**	103
(Charged)/credited to income statement	**-**	(9)
Charged to other comprehensive income/(expense)	**12**	49
Closing net asset - restated[1]	**155**	143

[1] See accounting policy note 9.

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

Deferred tax liabilities	Accelerated tax depreciation £m	Revaluation of land and buildings £m	Rollover gains £m	Other £m	Total £m
At 28 January 2023	(43)	(6)	(8)	(1)	(58)
Charged to income statement	(2)	-	-	-	(2)
At 27 January 2024	(45)	(6)	(8)	(1)	(60)
(Charged)/credited to income statement	(4)	(1)	-	2	(3)
At 25 January 2025	**(49)**	**(7)**	**(8)**	**1**	**(63)**

Deferred tax assets	Tax losses - restated[1] £m	Capital gains tax on land and buildings £m	Pensions and provisions £m	Other £m	Total - restated[1] £m
At 28 January 2023 - restated[1]	67	30	58	6	161
(Charged)/credited to income statement	(7)	(2)	1	1	(7)
Charged to other comprehensive (expense)/income	-	-	45	4	49
At 27 January 2024 - restated[1]	60	28	104	11	203
Credited/(charged) to income statement	-	4	(2)	1	3
Credited/(charged) to other comprehensive (expense)/income	-	(1)	16	(3)	12
At 25 January 2025	**60**	**31**	**118**	**9**	**218**

[1] See accounting policy note 9.

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

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future profits is probable.

Notes to the company financial statements (continued)

24.1 DEFERRED TAX (CONTINUED)

The deferred tax balance associated with the pension surplus has been adjusted to reflect the current tax benefit obtained in the financial year ended 30 January 2010, following the contribution of the limited partnership interest in JLP Scottish Limited Partnership to the pension scheme (see note 6.7 to the consolidated financial statements).

The deferred tax assets and liabilities are recoverable after more than one year.

24.2 FACTORS AFFECTING TAX CHARGES IN CURRENT AND FUTURE YEARS

The Company is aware of the Global Anti-Base Erosion Model Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries where they operate. The UK enacted the BEPS (Base Erosion and Profit Shifting) Pillar Two Minimum Tax legislation in July 2023 with effect for accounting periods beginning on or after 31 December 2023. From an initial review of the Company's business and tax profile, we expect the Company's operations in most territories in which it operates to fall within the one of the safe harbour exemptions and as a result, top up taxes will not fall due. As a result of our initial review, we do not expect the rules to have a material impact on the Company's tax rate or tax payments.

25 COMMITMENTS AND CONTINGENCIES

At 25 January 2025, contracts had been entered into for future capital expenditure of £8m (2024: £5m) of which £6m (2024: £3m) relates to property, plant and equipment and £2m (2024: £2m) relates to intangible assets.

26 RETIREMENT BENEFIT OBLIGATIONS

As disclosed in note 6.7 to the consolidated financial statements, the investment held by the pension scheme in JLP Scottish Partnership is £88m (2024: £80m). This represents a plan asset for the Company accounts which is added to the Group funded defined benefit deficit of £350m (2024: £274m deficit). The retirement benefit deficit of the Company as at 25 January 2025 was £275m with a funded deficit of £262m and an unfunded obligation of £13m (2024: £207m net deficit, with a £194m funded deficit and £13m unfunded obligation). Note 6.2 of the consolidated financial statements details the financial assumptions used.

27 SHARE CAPITAL

		2025		2024
	Authorised	**Issued and fully paid**	Authorised	Issued and fully paid
	£m	**£m**	£m	£m
Equity				
Deferred ordinary shares				
6,750,000 of £1 each	7	7	7	7

28 RELATED PARTY TRANSACTIONS

During the year, the Company provided administrative support services to charities related to the Company. The estimated value of these support services is £0.2m (2024: £0.2m). The Company also made donations totalling £2m (2024: £1m) to the John Lewis & Partners Foundation.

Notes to the company financial statements (continued)

29 SUBSIDIARIES AND RELATED UNDERTAKINGS

The Company has a number of subsidiaries and related undertakings which contribute to the overall profitability of the Group. In accordance with section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings, registered office addresses and the percentages of share class owned as at 25 January 2025 are disclosed below. Subsidiaries and related undertakings as at 25 January 2025 were as follows:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
Admiral Park Retail Management Limited	Property holding company	Guernsey[1]	Ordinary	54%
Buy.Com Limited	Dormant	England & Wales[2]	Ordinary	100%
Carlisle Place Ventures Limited (in liquidation)	Home services	England & Wales[2]	Ordinary	100%
Clicklink Logistics Limited	Joint venture	England & Wales[3]	Ordinary	50%
Dishpatch Limited	Food retailing	England & Wales[2]	Ordinary	100%
Herbert Parkinson Limited	Manufacturing and making up	England & Wales[2]	Ordinary	100%
JLP Insurance Limited	Insurance	Guernsey[4]	Ordinary	100%
JLP Scotland Limited	Non-trading	Scotland[5]	Ordinary	100%
JLP Scottish Limited Partnership[11]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
JLP Scottish Partnership[12]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
John Lewis Car Finance Limited	Car finance	England & Wales[2]	Ordinary	100%
John Lewis Finance Limited	Financial services	England & Wales[2]	Ordinary	100%
John Lewis Hong Kong Limited	Sourcing company	Hong Kong[6]	Ordinary	100%
John Lewis India Private Limited	Sourcing company	India[7]	Ordinary	100%
John Lewis International Limited	International retail	England & Wales[2]	Ordinary	100%
John Lewis Partnership Pensions Trust	Non-trading	England & Wales[2]	Ordinary	100%
John Lewis Properties plc	Property holding company	England & Wales[2]	Ordinary	100%
John Lewis PT Holdings Limited	Holding company	England & Wales[2]	Ordinary	100%
Jonelle Jewellery Limited	Dormant	England & Wales[2]	Ordinary	100%
Jonelle Limited	Dormant	England & Wales[2]	Ordinary[10]	100%
Park One Management Limited	Provision of management services	England & Wales[8]	Ordinary	37%
Peter Jones Limited	Dormant	England & Wales[2]	Ordinary	100%
The Odney Estate Limited	Dormant	England & Wales[2]	Ordinary	100%
Waitrose (Jersey) Limited	Food retailing	Jersey[9]	Ordinary	100%
Waitrose (Guernsey) Limited	Food retailing	Guernsey[1]	Ordinary	100%
Waitrose Limited	Food retailing	England & Wales[2]	Ordinary	100%

[1] The address of the registered office is Redwood House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3WA.
[2] The address of the registered office is 1 Drummond Gate, Pimlico, London, SWIV 2QQ.
[3] The address of the registered office is Lancaster House, Nunn Mills Road, Northampton NN1 5GE.
[4] The address of the registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 4ET.
[5] The address of the registered office is John Lewis & Partners, 60 Leith Street, Edinburgh EH1 3SP.
[6] The address of the registered office is Suite 3201, Jardine House, 1 Connaught Place, Central, Hong Kong.
[7] The address of the registered office is 3rd Floor, Tower B, Signature Towers, South City, Sector - 30, Gurgaon, Haryana 122001, India.
[8] The address of the registered office is Number 22 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS.
[9] The address of the registered office is 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG.
[10] Jonelle Limited has three classes of shares, each with a nominal value of £1.
[11] John Lewis Partnership Pensions Trust and JLP Scotland Limited are the Limited Partners. John Lewis plc is the General Partner.
[12] JLP Scottish Limited Partnership and John Lewis Properties plc are the General Partners.

Notes to the company financial statements (continued)

29 SUBSIDIARIES AND RELATED UNDERTAKINGS (CONTINUED)

The whole of the ordinary share capital of the subsidiary undertakings of John Lewis plc is held within the Group. Except as noted above, all of these subsidiary undertakings operate wholly or mainly in the United Kingdom.

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 of the Partnership. Both of these companies are registered in England and Wales. Copies of the accounts for these companies may be obtained from the Company Secretary, John Lewis Partnership plc, 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

The Company is a General Partner of JLP Scottish Limited Partnership, a qualifying limited partnership registered at John Lewis & Partners, 60 Leith Street, Edinburgh, EH1 3SP. This is consolidated within John Lewis plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards (UK-adopted IFRS) and have elected to prepare the Company financial statements in accordance with UK Accounting Standards, 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 Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- for the Group and Company financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS);
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or 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 its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

Jason Tarry

Jason Tarry and Andy Mounsey
Directors, John Lewis plc
10 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS plc

1. Our opinion is unmodified

We have audited the financial statements of John Lewis plc ("the Company") for the 52 week period ended 25 January 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Company balance sheet, Company statement of changes in equity and the related notes, including the accounting policies in note 1 of the consolidated financial statements and the accounting policies in note 9 of the Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 25 January 2025 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 reduced Disclosure Framework; and
- the financial statements 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor by the Directors on 8 June 2016. The period of total uninterrupted engagement is for the nine financial periods ended 25 January 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Recoverability of store CGUs (Cash Generating Units)

- Property, plant and equipment – specific CGUs within the overall balance of £2,766m (2024: £2,762m)
- Right-of-use assets – specific CGUs within the overall balance of £1,260m (2024: £1,290m)

Our assessment of the risk is that it has reduced since the prior year.

Refer to page 54-55 (accounting policies), and pages 56-60 (financial disclosures).

The risk	*Our response*
Forecast-based assessment Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its store CGUs where there are indicators of impairment or impairment reversal. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's store portfolio. The Group has significant property, plant and equipment (PPE) and right-of-use assets (ROUAs) on the consolidated balance sheet. In the period, a net impairment reversal of £6m was recognised in relation to store CGUs of the John Lewis and Waitrose operating segments. There is a risk that the carrying value of store CGUs may be higher than their recoverable amounts. Where there is an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value-in-use' (VIU) or 'fair value less costs of disposal'. The recoverable amount is calculated at a CGU level, and individual stores are considered to be individual CGUs. The recoverable amount of a CGU relies on a number of assumptions, most notably short-term sales growth, gross profit margin, and specifically for John Lewis CGUs, the online sales allocation, all of which involve a high degree of estimation uncertainty. Auditor judgement is also required to assess whether the financial statement disclosures in note 3.2 over the sensitivities estimated by the Group for these assumptions, as well as for other assumptions such as central costs allocation, is acceptable. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of Waitrose and John Lewis store CGUs had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty for Waitrose store CGUs to be less than materiality. The financial statements (note 3.2) disclose the sensitivity estimated by the Partnership for the John Lewis store CGUs.	**Our procedures included:** **Methodology choice:** We evaluated the methodology, completeness and accuracy of the Group's impairment triggers using our knowledge of the Group, its operating environment, our industry knowledge of current market conditions and other information obtained during the audit. **Model principles and reperformance:** We tested the design, completeness and accuracy of the VIU model against the requirements of the accounting standard and involved our Data Analytics specialists to reperform the Group's VIU calculations. **Methodology assessment:** We assessed the reasonableness of the methodology for allocation of online revenue and related cost to John Lewis CGUs, using our understanding of market practice and changes in customer purchasing behaviours. **Control operation:** We engaged our IT Audit specialists to evaluate the design and implementation, and operating effectiveness of relevant IT controls used in deriving elements of the online sales allocation rates for CGUs within the John Lewis operating segment. **Our sector experience:** We evaluated assumptions used by the Group, in particular those relating to forecast revenue growth and profit margins. **Benchmarking assumptions:** We compared the Directors' key assumptions to externally derived data. We engaged our macro-economic specialists to provide historical and forecast benchmark data for growth in the sectors the Group operates. We compared the Directors' forecasts to our own, after adjustments for the Group's relative historic performance against the sectors more broadly. We critically assessed the Directors' key assumptions relating to forecast profit margins against historical performance and assessed the reasonableness of margin-improvement plans.

The risk	*Our response*
	Sensitivity analysis: We performed sensitivity analysis to stress-test the impairment calculation to changes in key assumptions and critical judgments for triggered CGUs to assess their impact on the recoverability of the store CGUs. **Assessing transparency**: We assessed the Group's disclosures in respect of impairment, including the sensitivity disclosures for changes in the key assumptions. We performed the tests above rather than seeking to rely on further controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the carrying amount of store CGUs and the related impairment charge and disclosure to be acceptable (2024: acceptable).

Defined benefit pension schemes

Net defined benefit liability of £363m (2024: £287m)

- Gross defined benefit liability of £3,847m (2024: £4,030m)
- Level 3 assets of £1,232m (2024: £1,558m)

Our assessment of the risk is that it has remained unchanged for the gross defined benefit liability, and that it has reduced for the Level 3 assets since the prior year.

Refer to page 76 (accounting policies), and pages 77-86 (financial disclosures).

The risk	*Our response*
Subjective valuation A significant level of estimation is required in order to determine the valuation of the gross defined benefit liability. Small changes in the key assumptions (in particular, discount rates, inflation and mortality rates) can have a material impact on the carrying amount. In addition, within the pension asset portfolio there are a number of assets whose valuation requires significant judgement as a result of quoted prices being unavailable (Level 3 assets). Certain of these include assets for which a net asset valuation ('NAV') is not readily available, and therefore additional audit procedures are necessary given the nature of the valuation.	**Our procedures over the gross defined benefit liability included:** **Assessing assumptions:** We used our actuarial specialists to challenge the key assumptions used to estimate the defined benefit obligation (in particular, the discount rate, inflation and mortality rates). This involved comparing the assumption to available market data and our expectations based on the scheme profile. **Assessing base data:** We assessed whether the data used in the current year defined benefit obligation valuation is consistent with that prepared at the triennial valuation as at 31 March 2022. We used our actuarial specialists to challenge the methodology used to roll-forward the results of the triennial valuation as at 31 March 2022.

The risk	*Our response*
Level 3 asset holdings together represented £1,232m (2024: £1,558m) out of which £277m (2024: £515m) are investment properties. The effect of these matters is that, as part of our risk assessment, we determined that the valuation placed on the net defined benefit liability carries a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In 2024, the asset class where significant audit effort and judgement was focused were investment properties. We assess the risk related to the valuation of investment properties to have decreased from 2024 and this has been removed from the Key Audit Matter; reflecting the reduced holdings in properties as a result of divestments during the year, these divestments achieving proceeds consistent with their historical carrying values, and the results of our historical testing that have not identified material discrepancies in their carrying values. The financial statements (note 6.6) disclose the sensitivity estimated by the Partnership for the gross defined benefit liability.	**Our procedures over Level 3 assets included:** **Tests of details:** We assessed historical accuracy of valuations for a sample of assets to help inform whether current valuations were appropriate. Additionally, we obtained direct confirmations from third party fund managers to support the valuation of assets stated in the financial statements. **Methodology choice:** We assessed the valuation methodologies used with reference to the Royal Institute of Chartered Surveyors for property and the International Private Equity and Venture Capital Valuation guidance (IPEV) for private equity funds. For private credit and infrastructure funds we assessed the valuation methodologies adopted for fair value principles consistent with the accounting framework. **Our procedures over disclosures included:** **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the sensitivity of the defined benefit obligation to these assumptions and disclosure of estimation uncertainty over the valuation of Level 3 pension assets. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the valuation of the Gross defined benefit liability and valuation of Level 3 assets to be acceptable (2024: acceptable).

Recoverability of parent Company's investment in subsidiary

- Investment of £308m (2024: £707m)

Our assessment of the risk is that it is consistent with the prior year.

Refer to page 100 (accounting policies and financial disclosures).

The risk	*Our response*
Low risk, high value The carrying value of the parent Company's investment in subsidiary balance amounts to £308m (2024: £707m). The recoverability of the balance is not at a high risk of significant misstatement or subject to significant judgment. However, due to the materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effort on our overall parent Company audit.	**Our procedures included:** **Test of details:** We compared the carrying value of the investment in subsidiary with the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset values of the subsidiary, being an approximation of its minimum recoverable amount, were in excess of the carrying amount. **Assessing subsidiary audit:** We assessed the work performed over its subsidiary and considered the results of the work on the subsidiary's profit and net assets. We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** We found that the Company's conclusion that there is no impairment of its investment in subsidiary to be acceptable (2024: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £28.0m (2024: £25.0m), determined with reference to a benchmark of Group revenue as disclosed in note 2.1, of which it represents 0.25% (2024: 0.23%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax.

Materiality for the parent Company financial statements as a whole was set at £19.0m (2024: £18.8m), determined with reference to a benchmark of Company total revenue, of which it represents 0.56% (2024: 0.52%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £21.0m (2024: £18.7m) for the Group and £14.2m (2024: £14.1m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £1.4m (2024: £1.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed centrally and at component level and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 25 components, having considered our evaluation of the Group's legal and operational structure, existence of common information systems and level of controls as at the aggregated legal entity level, and our ability to perform audit procedures centrally.

Of those, we identified two quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified three components as requiring special audit consideration, owing to Group risks relating to impairment of non-financial assets residing in these components.

Accordingly, we performed audit procedures on five components, of which we involved component auditors in performing the audit work on one component. We also performed the audit of the parent Company.

The Group auditor instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

We set the component materialities, ranging from £3.9m to £19.0m, having regard to the mix of size and risk profile of the Group across the components.

Certain areas within the financial reporting process, including the consolidation process and management override of controls, entity-level controls, intercompany transactions, assessment of applicable laws and regulations, related party balances, derivatives, tax, payroll and provisions were performed at group level.

Our audit procedures covered 98% of the group total revenue. We performed audit procedures in relation to components and consolidation adjustments that overall accounted for 96% of the total profit and losses that make up group profit before tax and the debits and credits that make up 98% of the group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 2% of Group total revenue or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with the component auditor to discuss Group audit risks relevant to the component, including the key audit matter in respect of recoverability of store CGUs.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work related to recoverability of store CGUs.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and 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 their 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").

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 Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1.1.1 to be acceptable.

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 Group or the Company will continue in operation.

5. 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 Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group'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 minutes;
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team including the component auditor 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 Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension 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, no indicators that management possess the attitude, character or ethical values which would cause them to knowingly commit a dishonest act, and limited opportunity to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test at the Group level based on risk criteria relevant to the Group and comparing the identified entries to supporting documentation. These included journal entries posted by senior management, journal entries posted in seldom used accounts by irregular users, journal entries posted and approved by irregular users, journal entries posted and approved by the same user, and material 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 from inspection of the Group's regulatory and legal correspondence, 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. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

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

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, pensions 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 Group 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, litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: General Data Protection Regulation (GDPR) compliance, Employment and social security legislation, including minimum wage and pension auto-enrolment, Tax legislation, Fraud, Bribery and Corruption, Money laundering, Foreign Corrupt Practices Act, Environmental protection legislation, including emissions trading and Climate Change Act 2008, Export control, Consumer Rights Act 2015 and Sale of Goods Act, Distance selling regulations, Market abuse regulation, Food Standards Act, certain Financial services regulations, Competition Law and Groceries Supply Code of Practice recognising the nature of the Group'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.

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.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- 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.

7. We have nothing to report on the other 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 109, the Directors are responsible for: the preparation of the financial statements including 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 Group and parent 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 Group or the parent 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.

9. 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.

Lourens de Villiers

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
11 April 2025