Company number: 99405

WAITROSE LIMITED

Financial statements for the year ended 30 January 2021

Contents

Company information

Directors:	Sharon White (Chairman) Bérangère Michel
Company Secretary:	Peter Simpson
Registered Office:	171 Victoria Street, London, SW1E 5NN
Company Number:	99405
Independent Auditor:	KPMG LLP 15 Canada Square London E14 5GL

Strategic report for the year ended 30 January 2021

Review of performance

Key performance indicators (KPIs)

	2021	2020
Growth/(decline) in revenue [1]	10.3%	(1.0)%
Growth/(decline) in like-for-like sales (excludes fuel sales) [2]	9.8%	(0.2)%

Business review

Waitrose Limited ('Waitrose' or 'the Company') is a trading subsidiary of John Lewis plc as part of the wider Group known as the John Lewis Partnership ('the Partnership').The Waitrose brand is managed centrally and shares the strategy, management, resources and policies of the Partnership as a whole, details of which can be found in the Group Strategic Report of the Partnership's 2021 Annual Report and Accounts.

Waitrose achieved revenue of £6.9bn, up 10.3%, with like-for-like sales, excluding fuel, up 9.8%. Like-for-like sales through peak were up 9% with online grocery up 182%. The pandemic has greatly accelerated the shift to online sales and online delivery has become a core part of food sales. The crisis has led to significantly higher numbers of people getting comfortable with buying food online - out of necessity. At the start of the financial year, online accounted for 5% of Waitrose sales; but due to the impact of the pandemic, it is now 20% with the average across the year being 14%.

Among the challenges faced by Waitrose Limited were higher costs to fulfil online orders and dilution of profit margins. Covid-19 has also created other additional costs on the Partnership, with increased labour costs through sickness absence, shielding, and care of vulnerable family members and direct costs for personal protection equipment, security, testing and screens.

A further benefit of being one Partnership with two brands is that more than 4,500 Partners from John Lewis were redeployed to Waitrose during the various lockdowns helping to keep the nation fed, and avoiding £15m in additional costs. We have also been supporting the world's most vulnerable workers in our supply chain throughout the pandemic. Through the Waitrose & Partners Foundation we provided £200,000, helping more than 100,000 workers with sanitation kits, food parcels and communicating the need for social distancing.

To support the NHS, our shops protected 'hard to find' and essential products exclusively for NHS workers and gave priority checkout service. Thousands of essential item care packages were delivered to NHS hospitals and mental health trusts and we provided accommodation to on-call NHS workers.

The end of the Ocado relationship on 1 September 2020 and the start of the trial with Deliveroo on the same day provided a boost to sales. Our trial with Deliveroo - through which customers can order over 650 products, delivered in as little as 30 minutes - has helped to attract younger shoppers, many of whom are new to Waitrose.

[1] The Company has previously reported the KPI 'Growth/(decline) in gross sales - total'. However, following the adoption of a new organisational structure on 3 February 2020, gross sales is no longer reported as a relevant measure. This KPI has therefore been replaced with 'Growth/(decline) in revenue'. It should be noted that 2020/21 was a 53 week year.

[2] Comparison of sales between two periods in time (e.g. this year to last year), removing the impact of shop openings and closures. Like-for-like sales excludes fuel.

Strategic report for the year ended 30 January 2021 (continued)

Review of performance (continued)
Business review (continued)
We trebled our 'Waitrose Rapid' delivery service within the first month of lockdown, offering up to 25 products for delivery within two hours and 7,000 delivery slots per week. Waitrose.com has grown fourfold since February 2020, now taking around 240,000 orders a week, and stands as a £1bn sales business. This expansion was supported by the opening of a new customer fulfilment centre in Enfield last May, and the extension of online picking and delivery, which is now available in 260 of 331 Waitrose shops. This has all made Waitrose.com the fastest growing online retailer, growing at more than double the market rate according to Kantar.

During the year, we sadly closed seven Waitrose shops in Helensburgh, Four Oaks, Waterlooville, Caldicot, Ipswich Corn Exchange, Shrewsbury and Wolverhampton. Going forwards, we continue to focus on 'right sizing' our estate in order to drive maximum value from our existing shops. We have also been trialling the introduction of John Lewis shopping areas in five Waitrose stores - Godalming, Horley, Lincoln, Lymington and Wallingford - with the early signs positive. If successful, we will roll out to a significant number of our 331 Waitrose shops.

During the year, we brought forward our ambition for our entire operations to be net zero carbon by 15 years to 2035. We also opened our first on-site biomethane gas filling station for our Waitrose heavy goods vehicles at our Bracknell Distribution Centre. Made from food waste and food processing waste materials rather than diesel, biomethane reduces CO_2 emissions by 80%. Our biomethane investment was recognised by the 2020 Motor Transport Awards, winning the Low Carbon Award.

The climate emergency presents an even greater challenge than the pandemic, and we believe now is the time to accelerate efforts to improve sustainability. We are not perfect but we are trying hard. We became a signatory of HRH The Prince of Wales's Terra Carta earth charter in February. In the same month, Waitrose topped Greenpeace's annual league table as the best supermarket in tackling single use plastics, thanks in part to our Unpacked initiative. We continue to champion animal welfare standards, becoming the first retailer in the world to measure the emotional wellbeing of farm animals using a specialist mobile app.

Outlook 2021/22
The outlook is uniquely uncertain as the country charts its exit from lockdown. We now have a five-year Partnership Plan which focuses on growing our business, reducing our costs and reinvesting the proceeds in improved customer service to ensure Waitrose remains a go-to brand for quality, value and sustainability, with greater ease and convenience. Our priority is to make sure that Waitrose is well placed to serve our customers, however they want to shop with us.

Principal risks and uncertainties
The principal risks and uncertainties facing the Company are in line with John Lewis Partnership plc ('the Partnership') and are managed and evaluated in line with the risk and control mechanisms established for the Partnership. These risks are:

- External Environment
- Proposition
- Partner Differentiation
- Information Security
- Liquidity
- Change Delivery
- Customer Experience
- Regulatory Non-Compliance
- Ethics and Sustainability
- Partner Wellbeing

Strategic report for the year ended 30 January 2021 (continued)

Principal risks and uncertainties (continued)
Details of key mitigations to these principal risks and uncertainties are presented on pages 49 to 55 of the Partnership's Annual Report and Accounts. Covid-19 has significantly impacted all of our lives, personally and professionally, and has fundamentally changed the way we live, work, shop and interact. It's changed what our customers want, and when and how they shop. In the year ahead, the focus of activity will remain on proactively managing our response to Covid-19, maintaining customer service and protecting Partners, local communities and trade; alongside our response to Brexit as details of new UK regulations emerge and easement periods end. Further information is presented on pages 56 to 57 of the Partnership's Annual Report and Accounts.

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

The Company's ultimate parent company is John Lewis Partnership plc ('the Partnership'), which is owned in Trust for the benefit of its members, the Partners employed in the Partnership. Whilst being Directors of Waitrose Limited, 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 Executive Team which manages the Partnership's business as part of the Partnership's governance structure. In carrying out their duties, the Directors had in mind the Principles of the Partnership set out in the Partnership's Constitution (available online at www.johnlewispartnership.co.uk/about/our-values.html). These Principles are consistent with the requirements of Section 172(1) in that they say how the Partnership - including the Company - should operate and how it should conduct its relationships with Partners (both as the Company's members and as employees of John Lewis plc assigned to work for the Company), customers, suppliers and other stakeholders and the communities in which it operates. Further information on decision-making and engagement with stakeholders in the Partnership can be found in the Partnership's Annual Report and Accounts available at www.johnlewispartnership.co.uk/annualreport

The purpose of the Partnership is set out in Principle 1 of the Constitution: "The Partnership's ultimate purpose is the happiness of all its members, through their worthwhile and satisfying employment in a successful business". Principle 3 of the Constitution says that "the Partnership aims to make sufficient profit from its trading operations to sustain its commercial vitality, to finance its continued development, to distribute a share of those profits each year to its members, and to enable it to undertake other activities consistent with its ultimate purpose". These two Principles are the core fundamentals that underpin the Company's strategic direction. In setting the strategic direction of the Company, Directors also take into account the principal risks facing the business.

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

Stakeholders
Our key stakeholders are our Partners, who are at the heart of our purpose and work in service of our customers. We are also focused on responding to the needs of, and building long-term relationships with, our customers. Other key stakeholders are the producers and suppliers who we purchase goods and services from, and the communities and environments in which we operate.

Strategic report for the year ended 30 January 2021 (continued)

Section 172(1) Statement and Statements on engagement with suppliers, customers and others (continued)

Long-term sustainability

We aim to make sufficient profit to sustain the Company's commercial vitality. This is balanced against the needs of our customers, Partners and other stakeholders and the community to ensure we are conducting all our business relationships with integrity. The long-term sustainability of the Partnership is at the forefront of decision-making, particularly in response to the challenging conditions in retail over the past three years and those facing the Company and its stakeholders as a result of the Covid-19 pandemic.

Partners

Our Partners are central in the differentiation of our business. Our Founder, John Spedan Lewis talked about not just sharing profit, but also sharing knowledge and sharing power. The Constitution empowers all Partners to shape the future of the Company. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model and our long-term sustainability and success. Properly incorporating Partner views into Board decision-making is recognised as essential to the future of the Company as a modern, sustainable, purpose-led business. For example, in 2020 Partners were consulted and provided ideas and feedback throughout the development of the Partnership Plan.

The Directors engage with Partners in many different ways, including regular dialogue, summaries of Partner opinion prepared by the independent Democratic Vitality team, vlogs, podcast and email updates, the Partnership's intranet and through the independent Gazette, and the effective and innovative use of opinion tools. Further information on the engagement methods in the Partnership, which are used by the Company's Directors, and on the democratic structures used to channel Partner views are on pages 43 and 109 to 110 respectively of the Partnership's Annual Report and Accounts, available at www.johnlewispartnership.co.uk/annualreport

Customers

The Company aims to deal honestly with its customers and secure their loyalty and trust by providing outstanding choice, value and service. Our customer research team is the voice of the customer, understanding how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners and contact centres and external data sources. Regular customer reports are produced for management and are regularly shared with Directors. In 2020, a prime example of this work was the extensive research conducted with customers to shape the Company's purpose, with ambitions to champion equality, wellbeing and sustainable living, for the good of customers, Partners, suppliers and society.

Producers and suppliers

The Company aims to conduct all its business relationships with integrity and courtesy, and scrupulously to honour every business agreement. We work closely with producers and our supply chain. The Partnership's Audit and Risk Committee monitors the Company's compliance with the Groceries Supply Code of Practice (see pages 85 to 87 of the Partnership's Annual Report and Accounts). The Company has taken measures to prevent modern slavery and human trafficking in its business and supply chains. Further information is available at www.johnlewispartnership.co.uk/csr

Financial stakeholders

The Company seeks to make information available to financial stakeholders as part of information provided about and by the Partnership. This includes contact details should stakeholders wish to discuss anything directly. Directors regularly participate in financial updates and announcements made by the Partnership, which gives stakeholders an opportunity to engage directly with them.

Strategic report for the year ended 30 January 2021 (continued)

Section 172(1) Statement and Statements on engagement with suppliers, customers and others (continued)

Community and environment

The Partnership's Constitution requires Directors to take all reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. The Company aims to contribute to the wellbeing of the communities where it operates. The Company also supports a range of charitable and community activity, based on customer input and coordinated through shops. Full detail of activities designed to help Partners and communities thrive, such as the Waitrose & Partners Foundation and The Golden Jubilee Trust, is available in the Partnership's Annual Report and Accounts and at www.johnlewispartnership.co.uk/csr

Business Conduct

The Company aims to conduct all its business relationships with integrity and courtesy, and scrupulously to honour every business agreement. Its reputation for its standard of business conduct is a key driver of customer perception of its brands. Accordingly all Partners are expected to contribute to the maintenance of high standards of business conduct, and the Constitution provides a framework for all Partners to do this. 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 owners

The Company forms part of a group which is held in Trust for the benefit of both its current and future Partners, and their interests are at the forefront of Board decision-making.

Approved by the Directors and signed on behalf of the Board.

B Michel

Bérangère Michel
Director
23 April 2021

Directors' report for the year ended 30 January 2021

The Directors present their report and the audited financial statements for the year ended 30 January 2021.

Principal activities
Waitrose Limited is incorporated and registered in England and Wales. Waitrose operates supermarkets and convenience shops, including shops which operate under licence in the Middle East, online (waitrose.com and specialist sites for wine, plants and flowers) and the Leckford Estate (the Waitrose Farm). Waitrose Limited is a wholly owned subsidiary of John Lewis plc, within the John Lewis Partnership. The Company's subsidiaries are listed in note 12. A review of Waitrose Limited's results and activities is given within the Strategic report.

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

Sharon White (Chairman) (appointed as Chairman on 4 February 2020)
Sir Charlie Mayfield (Chairman) (resigned as Chairman on 4 February 2020)
Bérangère Michel (appointed 1 January 2021)
Patrick Lewis (resigned 31 December 2020)
Peter Simpson (Company Secretary)

Results and dividends
The Company's profit on ordinary activities before taxation for the year ended 30 January 2021 is £158.5m (2020: £44.9m) (see pages 3 to 4). The share capital of the Company is wholly owned by John Lewis plc. *A dividend of £400m (2020: £Nil) was declared and paid to John Lewis plc during the* year.

Future developments
The Directors expect the activities as detailed in the Strategic report to continue for the foreseeable future without material change.

Financial risk management
Waitrose Limited's financial risks are managed within the framework of the John Lewis Partnership plc's arrangements. The principal financial risk John Lewis Partnership plc ('the Partnership') faces is the ability to generate sufficient funds to satisfy the Partnership's business needs, to meet our Partners' expectations for Partnership Bonus and to mitigate against any financial impact resulting from risks identified in the Partnership's business planning process crystallising.

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

Employees
The Company's policy for employment, training, career development and other employee related matters are aligned to those of the Partnership and are described below.

Employee involvement in the Company's performance
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, which in turn depends on the collaboration and contribution of our Partners. 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.

The Company seeks to embrace diversity and this is reflected in all we do. For further information, see the John Lewis Partnership plc Annual Report and Accounts at pages 19 to 20.

Directors' report for the year ended 30 January 2021 (continued)

Employees (continued)
Employee involvement in the Company's performance (continued)
The Partnership operates BonusSave, a Share Incentive Plan ('the Plan'), which is available to all Partners in the UK and has been approved by HMRC. In conjunction with the announcement of the annual results, Partners are invited to enter into a savings contract under the Plan to save up to a maximum of £5,400 in any one year from Partnership Bonus. The Plan allows for the investment made by Partners to be held in shares in the Partnership, in a class created specifically for this purpose known as SIP Shares.

Details of SIP Shares can be found in note 5.5 of the Partnership's Annual Report and Accounts. The SIP Shares do not carry voting rights, cannot be sold or transferred out of the Partnership and are, at all times, held in trust for the benefit of the respective Partners in the name of the Trust Company.

Employee engagement: sharing knowledge and relations with Partners
Partners are provided with the knowledge they need to fulfil their responsibilities as co-owners of the Partnership.

Please see the Partnership Council Report on pages 103 to 110 and Democratic vitality section on page 109 of the Partnership's Annual Report and Accounts for more information on how the Partnership shares information and engages with Partners.

Equal opportunities, diversity and inclusion
The Company is committed to promoting equal opportunities in employment for existing Partners and 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 Partnership has a Diversity and Inclusion Policy, and an Equal Opportunities Policy. The Company recruits people with disabilities to suitable vacancies on merit. We offer tailored support through the recruitment process for applicants who declare their disability. In particular, we know adjustments are of 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.

Employee Health and Wellbeing
The John Lewis Partnership, of which Waitrose Limited is a part, continues to offer comprehensive health and wellbeing services, investing over £20 million a year to enable Partners to feel well, enjoy life and have support when they need it. Partnership Health Services provide a number of services to Partners. During the pandemic it's been even more important to keep Partners safe, fit and healthy and we expanded the visibility of our health and wellbeing services, introducing some remote delivery options when face-to-face delivery was no longer possible. This year, we trialled new areas of support such as creating an EatWell FeelWell campaign, a My Resilience health check-up tool, a diabetes screening pilot and became one of the first UK businesses to roll out rapid lateral flow Covid-19 testing for our Partners. As a Partnership, which includes the Waitrose business, we also provided:

- 1,311 physiotherapy sessions (less than last year due to being unable to deliver face-to-face appointments because of Covid-19);
- 5,850+ psychological therapy sessions;
- 451 People Managers participated in mental health awareness training;
- 10,600+ Partners have downloaded the Unmind app and can also now share the benefits by giving free access to a friend or family member with over 270 signed up;
- 11,000+ Partners referred to Partnership Health Services as a self-referral or management referral;
- 933 Partners volunteer as Wellbeing Champions;
- 24 Partnership clubs and societies, ranging from sailing to singing, cycling to photography, with over 8,700 Partners signed up as members;

Directors' report for the year ended 30 January 2021 (continued)

Employees (continued)
Employee Health and Wellbeing (continued)

- 5 Partnership Hotels for Partners and their family and friends to use at a specially subsidised rate;
- 16,700+ calls to our in-house Partner Support helpline; and
- £420,000 given in financial assistance to Partners through grants and interest-free loans.

We encourage our Partners to actively forge links and become involved in the local communities in which they live and work. We offer one of the leading volunteering programmes in our industry: the Golden Jubilee Trust. The scheme places Partners on secondments at a charity of their choice for up to six months, while still on full pay and benefits.

Political donations
It is the Company's policy not to make donations to political groups. No political donations were made in respect of the year under review.

Health and safety
The Company adopts the Partnership's arrangements in respect of health and safety. The Partnership is committed to going about its business in a way that avoids, so far as is reasonably practicable, causing harm to people or property, and to promoting, through its extensive occupational health service, the wellbeing of its workforce. The Partnership cannot expect to eliminate health and safety risk totally from the workplace but our current priority is to ensure that management at all levels know and understand the risks within their areas of responsibility.

Section 172(1)
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), the Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the Section 172(1) statement in the Strategic report.

Directors' responsibilities
The Statement of Directors' responsibilities in relation to the Strategic report, Directors' report and financial statements is set out on page 38.

Directors' interests
Under the Constitution of the Partnership all the Directors, as employees of John Lewis plc, are necessarily interested in the 612,000 deferred ordinary shares in John Lewis Partnership plc which are held in Trust for the benefit of employees of John Lewis plc and of certain other Partnership companies. No Director has or had a material interest in any contract or arrangement to which the Company is or was a party.

Going concern
The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the Company in the context of the current Covid-19 pandemic in the UK (see the Partnership's Annual Report and Accounts, pages 125 to 128). 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.

Directors' report for the year ended 30 January 2021 (continued)

Directors' and Officers' liability insurance
The Directors and key managers (Officers) of the Company are beneficiaries of Directors' and Officers' liability insurance providing cover for claims made, subject to certain limitations and exclusions, which is purchased and maintained throughout the year by the Partnership. The Partnership also provides an indemnity for the benefit of each Trustee of the Partnership's Pension Fund, in respect of liabilities that may attach to them in their capacity as a Trustee. As a former Trustee of the Partnership's Pension Fund, Patrick Lewis, who was a Director of the Company during the year under review until his resignation on 31 December 2020, has the benefit of this indemnity in relation to his term as Trustee from August 2009 to September 2015.

Independent auditor
KPMG LLP has indicated their willingness to continue in office, and a resolution for their reappointment and remuneration will be proposed to the Directors.

Disclosure of information to the auditor
Each of the persons who are Directors at the date of approval of this report confirms that:

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

Approved by the Directors and signed on behalf of the Board.

Peter Simpson
Company Secretary
23 April 2021

WAITROSE LIMITED

Statement of comprehensive income
for the year ended 30 January 2021

Notes		2021[1] £m	2020 £m
	Revenue	**6,875.0**	6,235.0
	Cost of sales	**(4,833.5)**	(4,409.0)
	Gross profit	**2,041.5**	1,826.0
	Other operating income	**52.5**	66.1
3	Operating expenses before exceptional items and Partnership Bonus	**(1,816.5)**	(1,730.0)
	Operating profit before exceptional items and Partnership Bonus	**277.5**	162.1
4	Exceptional items	**(65.1)**	(30.6)
	Operating profit before Partnership Bonus	**212.4**	131.5
7	Net finance expense	**(53.9)**	(70.3)
	Profit before Partnership Bonus and tax	**158.5**	61.2
	Partnership Bonus	**-**	(16.3)
2	**Profit on ordinary activities before taxation**	**158.5**	44.9
8	Taxation	**(32.2)**	(0.5)
	Profit for the financial year	**126.3**	44.4

[1] 53 week year.

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

Balance sheet
as at 30 January 2021

Company number - 99405

Notes		2021 £m	2020 £m
	Non-current assets		
9	Intangible assets	**168.1**	163.1
10	Property, plant and equipment	**1,709.4**	1,873.3
10	Right-of-use-assets	**1,317.6**	1,387.3
12	Investments	**160.7**	160.7
		3,355.8	3,584.4
	Current assets		
13	Inventories	**229.6**	219.4
14	Trade and other receivables	**41.3**	91.0
	Current tax receivable	**-**	8.7
11	Assets held for sale	**10.6**	1.0
	Cash and cash equivalents	**61.6**	60.2
		343.1	380.3
	Total assets	**3,698.9**	3,964.7
	Current liabilities		
15	Trade and other payables	**(1,491.4)**	(1,464.9)
	Current tax payable	**(4.7)**	-
16	Lease liabilities	**(91.1)**	(75.9)
17	Provisions	**(8.4)**	(4.7)
		(1,595.6)	(1,545.5)
	Non-current liabilities		
15	Trade and other payables	**(8.0)**	(8.2)
16	Lease liabilities	**(1,386.5)**	(1,405.4)
8	Deferred tax liability	**(29.3)**	(52.4)
		(1,423.8)	(1,466.0)
	Total liabilities	**(3,019.4)**	(3,011.5)
	Net assets	**679.5**	953.2
	Equity		
18	Share capital	**1.0**	1.0
	Retained earnings	**678.5**	952.2
	Total equity	**679.5**	953.2

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

The financial statements on pages 12 to 37 were approved by the Board of Directors on 23 April 2021 and signed on its behalf by

B Michel

Bérangère Michel
Director
23 April 2021

Statement of changes in equity
for the year ended 30 January 2021

	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 26 January 2019	1.0	905.1	906.1
Adjustment on initial application of IFRS 16[1]	-	2.7	2.7
Adjusted balance at 27 January 2019	1.0	907.8	908.8
Profit for the year	-	44.4	44.4
Balance as at 25 January 2020	1.0	952.2	953.2
Profit for the year	-	126.3	126.3
Dividend	-	(400.0)	(400.0)
Balance as at 30 January 2021	**1.0**	**678.5**	**679.5**

[1] The Company has initially applied IFRS 16 at 27 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

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

Notes to the financial statements

1 Accounting policies

Accounting convention and basis of preparation
The financial statements are prepared in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS). The Company is a qualifying entity for the purposes of FRS 101.

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

- The requirements of IAS 7 to present a cash flow statement
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective

The Company is an intermediate parent company and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006. The financial year is the 53 weeks ended 30 January 2021 (prior year: 52 weeks ended 25 January 2020).

Going concern
In determining the appropriate basis of preparation of the financial statements for the year ended 30 January 2021, 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 current Covid-19 pandemic in the UK.

The Company is part of a wider group ('the Group'), of which John Lewis plc is the parent company, and the Company's ability to operate as a going concern is directly linked to the Group's position. The Board of John Lewis plc undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due for the period ending April 2022 which included a base forecast and a downside case which represents an increasingly severe but plausible scenario. The impact of the downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these occur, mitigating actions would be required to ensure that the Group remains liquid and financially viable. The downside modelled has a significant adverse impact on sales, margin and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the downside scenario materialising. This assessment was made available to the Directors of the Company who have considered it in their assessment.

As at 30 January 2021, the Company had total assets less current liabilities of £2,103.3m and net assets of £679.5m. Liquidity for the Partnership as a whole as at that date was £2.0bn, made up of cash and cash equivalents, short term investments and undrawn committed credit facilities of £500m. In the past year, both Waitrose stores and its online activities continued to operate during the lockdown periods given that they were designated by the UK Government as part of an 'essential industry' and customer demand increased due to the closure of hospitality services. The longer term economic impact of the pandemic is unknown at this time and is unpredictable, and our key priority continues to be the health and wellbeing of our Partners and customers, while we maintain our high standards of service.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

Amendments to accounting standards

The following standards, amendments and interpretations were applicable for the period beginning 26 January 2020, and were adopted by the Company for the year ended 30 January 2021 and have not had a significant impact on the Company's profit for the year, equity or disclosures:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IFRS 16: COVID-19 Related Rent Concessions

Revenue

Revenue from sale of goods and services is recognised when the Company has satisfied its performance obligation by transferring a promised good or service to a customer. The good or service is considered to be transferred when the customer obtains control of that good or service. Revenue is also net of Partner discounts and VAT. 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 simply an intention to acquire.

Revenue in respect of gift vouchers and gift cards are recognised when the gift vouchers or cards are redeemed. Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding non-redemption rates and time to expiry. The business is predominantly carried out in the United Kingdom and gross sales and revenue derive almost entirely from that source.

Other operating income

Other operating income is income that does not relate to the main trading operations of the Company. Other operating income includes commission income, backhauling income and income from other services.

Supplier income (shown as part of accrued income)

The price that the Company 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 generated from 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 provided by suppliers. Marketing rebates are agreed with suppliers for specific periods and products.

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

Rebate income recognised 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Supplier income (shown as part of accrued income)(continued)
For promotions which are confirmed after the balance sheet date, the Company may be 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.

Partnership Bonus
The Partnership Bonus is announced and paid to Partners each March; it is determined in relation to the performance of the previous financial year. No Partnership bonus is being paid for the year ended 30 January 2021.

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 it can be reliably estimated once the results for the year are known.

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

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither 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 and that are expected to apply to the period when the asset is realised or the liability is settled.

Employee benefits
The Company has no direct employees. Partners providing services to Waitrose are employees of the parent Company John Lewis plc and are members of the John Lewis Partnership Trust for Pensions. The accounting policy adopted by Partnership in respect of pension costs is explained below.

The Partnership's retirement benefit scheme is a pension scheme made up of two parts: the defined benefit section and the defined contribution section. The defined benefit section of the scheme is a pension fund with assets held separately from the Partnership. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method, which measures the liability based on service completed and allowing for projected future salary increases.

On 1 April 2020, the defined benefit section of the scheme closed to future accrual. Following closure, members' deferred pensions will now increase annually by inflation up to five per cent per annum *(measured using the Consumer Price Index, CPI).*

Notes to the financial statements (continued)

1 Accounting policies (continued)

Employee benefits (continued)
The current service cost is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, up to 1 April 2020. The current service cost is included within operating profit in the consolidated income statement. Following the closure of the defined benefit section of the pension scheme, no future current service costs will be recognised.

The past service cost represents the change in the present value of the retirement benefit obligation in relation to employees' service in prior years. This may arise as a result of amendments made to the defined benefit scheme during the year, or a reduction in the number of employees covered by the scheme. Past service costs are also included within operating profit, along with any gains or losses on settlement.

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

It is not possible to identify a proportionate share for Waitrose Limited of the assets and liabilities of the Partnership's scheme. The pension operating costs charged to the Waitrose Limited statement of comprehensive income represents a proportion of total pay of Partners working in Waitrose.

The Partnership also 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 Partnership's 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 Partnership's consolidated income statement. The long leave operating costs charged to the Waitrose Limited statement of comprehensive income represents a proportion of total pay of Partners working in Waitrose.

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

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

Property, plant and equipment (continued)
The Company's freehold and long leasehold properties were last revalued to fair value by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, 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. The Company decided not to adopt a policy of revaluation since 31 January 2004.

Other assets are held at cost.

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

Impairment
Assets are reviewed for impairment at least annually or whenever events or circumstances indicate that the net book value may not be recoverable.

Impairment testing is performed on cash generating units (CGUs) which are individual shops, this being the lowest level of separately identifiable cash flows. Waitrose online sales are allocated directly to the shop that the online order is picked and fulfilled from. An impairment loss is recognised for the value by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate, which reflects the asset specific risks and the time value of money.

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

Depreciation
No depreciation is charged on freehold land 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 their expected useful economic life (UELs), at the following rates:

- Freehold and long leasehold buildings – 25 to 50 years;
- Other leaseholds – over the shorter of the useful economic life or the remaining period of the lease;
- Building fixtures – 10 to 40 years;
- Fixtures and fittings (including vehicles and information technology equipment) – 3 to 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 useful economic life. The assets' residual values and useful economic lives are reviewed and adjusted if appropriate at least at each balance sheet date.

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

Assets held for sale
Assets held for sale are assets previously classified as non-current which are expected to be sold rather than held for continuing use in the Company. These have principally arisen as part of the Company's review of its physical estate. Assets held for sale have not been sold at the balance sheet date but are being actively marketed for sale, with a high probability of completion within 12 months and are therefore classified as current assets.

Investments
Investments are valued at cost, less allowances for impairment. Impairment reviews are performed annually.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for expected credit losses, using the simplified approach under IFRS 9. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each financial asset. The Partnership also performs analysis on a case by case basis for particular trade receivables with irregular payment patterns or history.

Inventory valuation
Inventory is stated at the lower of cost, which is computed on the basis of average unit cost, and net realisable value. Slow moving and obsolete inventory is assessed for impairment at each reporting period based on past experience and appropriate provision 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 Company's policy. The expected level of returns is based on past experience.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with maturities of less than 90 days which are subject to an insignificant risk of changes in value.

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

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

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

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

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

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

In relation specifically to vehicle leases, the Company 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.

Provisions
Provisions are recognised when the Company 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.

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

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 statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

Value of intangible Work in Progress
The Company has incurred a significant amount of development expenditure in relation to intangible assets, in particular the development of IT systems and infrastructure to improve data management, online capability and the management of its supply chains. Development costs incurred as part of this work that are eligible for capitalisation under the accounting policy above, have been recorded within Work in Progress (WIP). Management has carried out a review of intangible WIP balances as at the reporting date, to identify any abortive costs or signs of obsolescence.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Critical accounting estimates and key judgements (continued)
Value of intangible Work in Progress (continued)
Following these reviews, management has made the judgement that the intangible WIP balances presented at the reporting date are expected to result in assets that will deliver future economic benefits as set out in IAS 38.

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 useful economic life. This residual value could be realised through a sale of 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.

Impairment
In line with the Company's accounting policy, management must assess the value in use of each CGU when testing for impairment. This requires estimation of the present value of future cash flows expected to arise from the continued operation of the CGU. These estimates require assumptions over future sales performance, future costs and long term growth rates, as well as the application of an appropriate discount rate. The value in use calculation is based on five-year cash flow projections using the latest budget and forecast data. Any changes in sales performance and costs are based on past experience and expectations of future changes in the market. The forecasts are then extrapolated beyond the five-year period using a long-term growth rate of 2.0%. A pre-tax discount rate of 7% (2020: 7%) has been used, calculated by reference to the Company's Weighted Average Cost of Capital (WACC) which now includes Company lease debt under IFRS 16.

Intangible assets are assessed annually for impairment. Given the nature of these assets and the current pace of change within retail, there is a risk that assets may become obsolete or be superseded prior to the end of their UEL. Although the risk of a material impairment is reduced by capping intangible UELs at a maximum of 10 years and not applying residual values, these assets are assessed annually for indications of impairment, which requires a degree of subjectivity on the part of management.

Amortisation
Amortisation is recorded to write down intangible assets to a residual value of nil over their useful economic lives (UEL). Management must therefore estimate the appropriate UELs to apply to each class of intangible asset. Changes in the estimated UELs would alter the amount of amortisation charge each year, which could materially impact the carrying value of the assets in question over the longer term. UELs are reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.

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

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

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

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

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

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

Exceptional items
Exceptional items are those where, in management's opinion, their separate reporting provides a better indication of the Company's underlying business performance; and which are significant by virtue of their size and nature. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the principal activities 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 Company's underlying business performance.

Notes to the financial statements (continued)

2 Profit on ordinary activities before taxation

	2021 £m	2020 £m
Profit on ordinary activities before taxation is stated after *(charging)/crediting the following:*		
Staff costs (note 6)	**(1,058.5)**	(985.4)
Depreciation	**(244.7)**	(221.3)
Amortisation of intangible assets	**(39.6)**	(35.4)
Net profit on sale of property (including exceptional items)	**13.7**	15.3
Net profit on lease exit	**3.9**	0.3
Loss on disposal of other plant and equipment and intangible assets	**(2.0)**	(4.0)
Inventory recognised as an expense	**(4,833.5)**	(4,409.0)
Fees payable to the Company's auditor for audit services:	**(0.4)**	(0.3)

Included within depreciation is a net impairment charge of £6.9m (2020: £7.5m).

3 Operating expenses before exceptional items

	2021 £m	2020 £m
Shop operating expenses	**(1,348.2)**	(1,277.6)
Administrative expenses	**(468.3)**	(452.4)
	(1,816.5)	(1,730.0)

4 Exceptional items

	2021 Operating (expenses)/ income	2021 Taxation credit/ (charge)	2020 Operating (expenses)/ income	2020 Taxation credit/ (charge)
	£m	**£m**	£m	£m
Strategic restructuring and redundancy				
Head office reviews	**(58.1)**	**11.0**	(5.1)	0.9
Physical estate	**(16.6)**	**3.7**	(38.2)	6.3
Shop operations	**-**	**-**	(0.6)	0.1
	(74.7)	**14.7**	(43.9)	7.3
Reversal of previous shop impairments	**9.6**	**(1.3)**	13.3	(1.7)
	(65.1)	**13.4**	(30.6)	5.6

Notes to the financial statements (continued)

4 Exceptional items (continued)

Exceptional items in the year to 30 January 2021 are as follows:

Strategic restructuring and redundancy programmes

The Partnership Plan, incorporating Waitrose envisages a significant level of transformation to ensure the Partnership is thriving for both Partners and customers.

Given the scale of the transformation, the programmes of activity will take a number of years to deliver. 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 Partnership considers them exceptional items. The financial impact of these programmes for 2021 is detailed below:

Head office reviews: The transformation of pan-Partnership functions incorporating Waitrose and other head office operations continues at pace. Previously, the main focus, beginning at the end of 2017, was the review and centralisation of a number of head office functions. Given the scale of the change, the delivery of these reviews was expected to take four years. At the January 2020 year-end these reviews were well progressed and we expected that costs would continue over the next two years. However, due to Covid-19, the wider programme was delayed with some reviews being temporarily paused.

With the launch of the Partnership Plan, the review of head office functions has become wider and deeper than previously envisaged and this has led to the announcement of the Head Office Transformation (HOT) programme. HOT builds on the centralisation of the earlier reviews but additionally seeks to ensure that the head office functions can deliver on the Lean, Simple, Fast objective central to cost reduction in the Partnership Plan. This stage of the head office reviews is well progressed and we still expect this programme to be broadly complete in the next 12-18 months. In 2021 we have recognised charges of £58.1m (2020: £5.1m) in relation to these reviews. The charges primarily relate to providing for redundancy costs; these costs are expected to be largely paid during 2021/22 but are provided once announced to Partners.

The charge for the year relating to the head office review has been allocated between the legal entities John Lewis plc and Waitrose Limited, on the basis that the head office functions to which this cost relates, provide support services for the trading businesses of both entities.

Physical estate: Since 2017 we have been working on our programme of optimising our existing estate and initially we expected that the programme would last five years. With the launch of the Partnership Plan, and the acceleration of change we have seen in customer shopping behaviour over the last year we have refocused on the need to ensure our shops reflect how our customers want to shop - 'right space, right place' - and as a result we anticipate that these changes may now be extended to 2025/26.

This year we have recognised a net exceptional charge of £16.6m (2020: £38.2m). The net charge includes the impairment of assets (reflecting the shortening of the useful economic life), accelerated depreciation of buildings, fixtures and fittings and management's best estimate of closure costs including onerous leases, dilapidations and, where closure has been approved and announced, redundancy costs. The impairment charge for the Waitrose shop closures during the year are included in this category. Where income in relation to previously estimated costs has been realised in the year, these have been shown net, reflecting that the original expenses were shown as exceptional.

Notes to the financial statements (continued)

4 Exceptional items (continued)

Shop operations: Alongside the assessment of our physical estate, we also identified that the way in which we run and manage our shops would require adjustment. In order to improve the customer experience and efficiencies in our shops, we have made a number of changes in our shop operating models. This has included reviewing shop management structures, the centralisation of certain functions, and aligning regional offerings in order to deliver a more flexible, multi-skilled and productive model. This programme is now complete with no costs (2020: £0.6m) recognised this year.

Shop impairments: In 2021, a credit of £9.6m (2020: £13.3m) has been released as a result of improved shop performance where shop impairment had previously been charged as exceptional.

5 Retirement benefit obligations

Partners working in Waitrose Limited, where eligible, are members of the John Lewis Partnership Trust for Pensions. The 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. John Lewis plc is the sponsoring employer for the scheme. The consolidated financial statements of John Lewis Partnership plc recognise and disclose the net defined benefit cost of the scheme. The assets of the pension scheme are held separately from the Partnership.

On 1 April 2020, the defined benefit section of the scheme closed to future accrual. Following closure, members' deferred pensions will now increase annually by inflation up to 5% per annum, measured using the Consumer Price Index (CPI).

The defined contribution section is where contributions made by Partners and the Partnership are invested in a choice of funds and then the contributions and investment returns are used to buy benefits on retirement.

For Partners in the defined contribution section of the scheme, from 1 April 2020 there was an increase in the level of contributions that the Partnership matches from 4.5% to 8% of pay. The Partnership will also contribute 4% of pay to a Partner's pension after three years of service, whether they pay in or not.

The pension costs charged in the Waitrose Limited financial statements are £81.0m (2020: £91.6m). The basis of allocation of pension costs of the Partnership to Waitrose is a proportion of total pay based on the estimated long term costs of providing the benefit.

It is not possible to identify a proportionate share for Waitrose Limited of the assets and liabilities of the Partnership's defined benefit section of the pension scheme. The Partnership's pension deficit as at 30 January 2021 is provided in note 6 of the Partnership's Annual Report and Accounts.

During the year, 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.

Notes to the financial statements (continued)

6 Partners

6.1 Partner numbers

The Company has no direct employees. The Partner numbers and benefits referred to below relate to Partners providing services to Waitrose who are employees of the parent Company John Lewis plc.

During the year the average number of Partners was as follows:

	2021	2020
Selling and distribution	**51,400**	48,000
Administration	**2,100**	2,600
	53,500	50,600

6.2 Partner benefits

Employment and related costs were as follows:

	2021 £m	2020 £m
Staff costs:		
Wages and salaries	**(858.3)**	(796.3)
Social security costs	**(58.6)**	(52.1)
Partnership Bonus	**-**	(14.4)
Employers' National Insurance on Partnership Bonus	**-**	(1.9)
Other pension costs	**(81.0)**	(91.6)
Long leave cost	**(5.1)**	(3.6)
Total before Partner discounts	**(1,003.0)**	(959.9)
Partner discounts (deducted from revenue)	**(55.5)**	(25.5)
	(1,058.5)	(985.4)

6.3 Directors' emoluments

At the year end, there were two Directors of the Company. Two Directors left the Board part way through the year with two other Directors joining the Board in their place.

All four Directors were also Directors of the holding company, John Lewis plc and other subsidiaries within the group. The emoluments of the Directors are paid by John Lewis plc. The Directors do not believe it is practicable to apportion the remuneration of the Directors between services as a Director of this company and services as a Director of John Lewis plc as their principal duties relate to the Partnership as a whole. The emoluments of the Chairman, who was also the highest paid Director, are disclosed in the financial statements of John Lewis Partnership plc.

During the prior year, to 25 January 2020, there were three Directors. Two of those Directors were also Directors of the holding company and did not believe it was practicable to apportion their remuneration between services as a Director of this Company and services as a Director of the holding company. Consequently their remuneration was excluded. For the other Director, who left during the year to 25 January 2020, emoluments totalled £1.0m relating only to their time on the Board. That Director had ceased to accrue further pension benefits in the Partnership's pension schemes but received pension cash supplements. During the year to 25 January 2020, the total pension supplement paid to the Director was £0.2m. The aggregate defined benefit pension entitlement accrued at 25 January 2020 was £0.1m.

Notes to the financial statements (continued)

7 Net finance expense

	2021 £m	2020 £m
Dividend income	**19.8**	-
Lease interest expense	**(73.7)**	(70.3)
Net finance expense	**(53.9)**	(70.3)

8 Taxation

8.1 Analysis of tax charge for the year

	2021 £m	2020 £m
Recognised in the statement of comprehensive income		
Current tax – current year	**(34.0)**	8.7
Current tax – adjustment in respect of prior years	**(21.3)**	2.9
Total current tax (charge)/credit	**(55.3)**	11.6
Deferred tax – current year	**6.4**	(15.4)
Deferred tax – rate change	**(3.5)**	3.1
Deferred tax – adjustment in respect of prior years	**20.2**	0.2
Total deferred tax credit/(charge)	**23.1**	(12.1)
	(32.2)	(0.5)

Notes to the financial statements (continued)

8 Taxation (continued)

8.2 Factors affecting tax charge in the year

The tax charge for the year is higher (2020: lower) than the standard corporation tax rate of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £m	2020 £m
Profit before tax	**158.5**	44.9
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**(30.1)**	(8.5)
Effects of:		
Changes in tax rate	**(3.5)**	3.1
Adjustment in respect of prior years	**(1.1)**	3.1
Expenses not deductible	**(0.1)**	-
Non-taxable dividends	**3.8**	-
Depreciation on assets not qualifying for tax relief	**(6.2)**	(6.8)
Difference between accounting and tax base for land and buildings	**5.0**	8.6
Total tax charge	**(32.2)**	(0.5)
Effective tax rate (%)	***20.3%***	*1.1%*

Waitrose Limited's effective tax rate for the current year is 20.3% (2020: 1.1%).

8.3 Deferred tax

Deferred tax is calculated on temporary differences using a tax rate of 19%. The movement on the deferred tax account is shown below:

	2021 £m	2020 £m
Opening net liability	**(52.4)**	(39.7)
Adjustment on initial application of IFRS 16[1]	**-**	(0.6)
Adjusted opening net liability	**(52.4)**	(40.3)
Credit/(charge) to statement of comprehensive income	**23.1**	(12.1)
Closing net liability	**(29.3)**	(52.4)

[1] The Company has initially applied IFRS 16 at 27 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

The movements in deferred tax assets and liabilities during the year (prior to the offsetting of balances within the same jurisdiction, as permitted by IAS 12) are shown below.

Notes to the financial statements (continued)

8 Taxation (continued)

8.3 Deferred tax (continued)

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.

	Capital gains tax on land and buildings	Accelerated tax depreciation	Revaluation of land and buildings	Pensions and provisions	Rollover gains	Other	Total
Deferred tax assets/ (liabilities)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 25 January 2020	3.9	(25.9)	(0.6)	(35.2)	(3.3)	8.7	(52.4)
Credit/(charge) to statement of comprehensive income	2.5	(0.4)	(0.6)	17.5	(0.4)	4.5	23.1
At 30 January 2021	**6.4**	**(26.3)**	**(1.2)**	**(17.7)**	**(3.7)**	**13.2**	**(29.3)**

The net deferred tax liability at 30 January 2021 was £29.3m (2020: £52.4m).The net deferred tax liability is recoverable after more than one year.

8.4 Factors affecting tax charges in current and future years

The Government announced in the Spring Budget on 3 March 2021 that the rate of corporation tax will increase from April 2023 to 25% for companies with profits over £250,000. As at 30 January 2021 the legislation had not yet been substantively enacted and therefore the tax rate for the purposes of determining the deferred tax recognition rate for assets and liabilities expected to reverse in periods after 1 April 2023 was 19%. The impact of the change is therefore not recognised in these financial statements.

If the corporation tax rate of 25% had been substantively enacted as at 30 January 2021 the deferred tax movement would have been as follows. The impact will be reflected in the financial statements for the year ending 29 January 2022.

	2021
	£m
Opening net liability	**(52.4)**
Charge to statement of comprehensive income	**17.6**
Closing net liability	**(34.8)**

The movement largely relates to accelerated tax depreciation and pensions.

Notes to the financial statements (continued)

9 Intangible assets

	Purchased £m	Internally generated £m	Work in progress £m	Total £m
Cost				
At 25 January 2020	87.9	240.0	65.9	393.8
Additions	-	-	47.0	47.0
Transfers	5.7	30.3	(36.0)	-
Disposals and write-offs	(8.0)	(22.8)	(2.4)	(33.2)
At 30 January 2021	**85.6**	**247.5**	**74.5**	**407.6**
Accumulated amortisation				
At 25 January 2020	(74.1)	(156.6)	-	(230.7)
Charge for the year	(9.3)	(30.3)	-	(39.6)
Disposals and write-offs	8.0	22.8	-	30.8
At 30 January 2021	**(75.4)**	**(164.1)**	**-**	**(239.5)**
Net book value at 25 January 2020	13.8	83.4	65.9	163.1
Net book value at 30 January 2021	**10.2**	**83.4**	**74.5**	**168.1**

Intangible assets have useful economic lives of up to ten years. Amortisation of intangible assets is charged within operating expenses.

There is one individually significant asset within the total carrying amount of intangible assets as at 30 January 2021 relating to a distribution project (£64.6m, 2020: £53.7m). The related assets have useful economic lives ranging from three to ten years.

Notes to the financial statements (continued)

10 Property, plant and equipment and right-of-use assets

Property, plant and equipment	Land and buildings £m	Fixtures and Fittings £m	Assets in the course of construction £m	Total £m
Cost				
At 25 January 2020	2,452.8	917.6	48.9	3,419.3
Additions	2.8	-	76.5	79.3
Transfers	35.3	33.7	(69.0)	-
Disposals and write-offs	(140.8)	(68.1)	(0.1)	(209.0)
Transfers to assets held for sale	(19.9)	(6.1)	-	(26.0)
At 30 January 2021	**2,330.2**	**877.1**	**56.3**	**3,263.6**
Accumulated depreciation				
At 25 January 2020	(823.2)	(722.8)	-	(1,546.0)
Charge for the year[1]	(64.4)	(53.0)	-	(117.4)
Disposals and write-offs	29.6	66.3	-	95.9
Transfers to assets held for sale	7.6	5.7	-	13.3
At 30 January 2021	**(850.4)**	**(703.8)**	**-**	**(1,554.2)**
Net book value at 25 January 2020	1,629.6	194.8	48.9	1,873.3
Net book value at 30 January 2021	**1,479.8**	**173.3**	**56.3**	**1,709.4**

[1] For the year ended 30 January 2021, this includes an impairment reversal of £(12.7)m in land and buildings (2020: £7.0m) and impairment charge of £1.6m in fixtures and fittings (2020: £0.5m).

Notes to the financial statements (continued)

10 Property, plant and equipment and right-of-use assets (continued)

Right-of-use assets	Land and buildings £m	Fixtures and Fittings £m	Total £m
Cost			
At 25 January 2020	1,485.7	4.9	1,490.6
Additions	80.5	-	80.5
Disposals and write-offs	(24.0)	(0.3)	(24.3)
At 30 January 2021	**1,542.2**	**4.6**	**1,546.8**
Accumulated depreciation			
At 25 January 2020	(102.3)	(1.0)	(103.3)
Charge for the year[1]	(126.4)	(0.9)	(127.3)
Disposals and write-offs	1.3	0.1	1.4
At 30 January 2021	**(227.4)**	**(1.8)**	**(229.2)**
Net book value at 25 January 2020	1,383.4	3.9	1,387.3
Net book value at 30 January 2021	**1,314.8**	**2.8**	**1,317.6**

[1] For the year ended 30 January 2021, this includes an impairment charge of £18.0m (2020: £nil).

Having applied the methodology and assumptions described under note 1, Waitrose recognised a net increase in the impairment provision of £6.9m. This represents additional impairment for a small number of shops that have seen specific performance deterioration, reversals on other shops which have seen improved performance and which has been judged to be sustainable, and utilisation of the provision following the exit of previously impaired shops.

The Waitrose impairment estimation is most sensitive to changes in the sales growth and margin assumptions. The below sensitivities reflect realistic and reasonable variations to the forecast currently used by the Partnership business:

- Reducing the sales growth rate assumption by 200 bps in year 1 and flowing through into years 2-5 would result in an additional impairment charge of £2.2m;
- Reducing the long-term growth rate to nil would result in an additional impairment charge of £3.1m;
- Amending the forecast gross margin stabilisation by reducing the gross margin assumption by 50 bps in years 1 and 2 would result in an additional impairment charge of £7.1m; and
- Increasing the discount rate by 100 bps would result in an additional impairment charge of £1.3m.

11 Assets held for sale

At 30 January 2021, one property was recorded as held for sale with a total carrying value of £10.6m and has been sold since the year end.

At 25 January 2020, one property was recorded as held for sale with a total carrying value of £1.0m.

Notes to the financial statements (continued)

12 Investments in subsidiary undertakings

	2021	2020
	£m	£m
Share in group companies	**£160.7**	160.7

Subsidiary undertakings comprise 100% of the issued ordinary share capital of Waitrose (Guernsey) Limited of £89.3m, incorporated and registered in Guernsey, Waitrose (Jersey) Limited of £71.4m, incorporated and registered in Jersey, 53% of the issued A Shares of £53 and 100% of the B Shares of £2 of Admiral Park Retail Management Limited, incorporated and registered in Jersey, and 30.4% of the issued B Shares of Park One Management Limited, incorporated and registered in England and Wales. Waitrose (Guernsey) Limited and Waitrose (Jersey) Limited operate Waitrose supermarkets, the food shops of the John Lewis Partnership. Admiral Park Retail Management Limited is a property holding company. Park One Management Limited provides management services.

The address of the registered office of Waitrose (Guernsey) Limited is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB and Waitrose (Jersey) Limited is 44 Esplanade, St Helier, Jersey, JE4 9WG.

13 Inventories

	2021	2020
Inventory	**£m**	£m
Raw materials	**0.5**	0.8
Work in progress	**0.1**	0.2
Finished goods and goods for resale	**229.0**	218.4
	229.6	219.4

Provisions against inventories of £0.5m (2020: release of £0.4m) were charged under cost of sales.

14 Trade and other receivables

	2021	2020
	£m	£m
Current:		
Trade receivables	**13.1**	30.3
Other receivables	**7.0**	5.4
Prepayments	**6.1**	30.7
Accrued income	**15.1**	24.6
	41.3	91.0

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 accrued income, there is £3.5m (2020: £3.7m) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £11.6m (2020: £20.9m) in relation to other operating income items which has not been billed at the reporting date. The unbilled amounts of other operating income is made up of items that are individually not material for further disclosures and had no significant changes during the period.

Notes to the financial statements (continued)

14 Trade and other receivables (continued)

The Company recognises loss allowances for expected credit losses within shop operating expenses in the income statement. As at 30 January 2021, trade and other receivables of £1.1m (2020: £0.4m) were partially or fully impaired.

As at 30 January 2021, trade and other receivables of £9.4m (2020: £7.5m) were past due but not impaired. The ageing analysis of the past due amounts are as follows:

	2021	**2020**
	£m	£m
Up to 3 months past due	**8.6**	7.1
3 to 12 months past due	**0.6**	0.4
Over 12 months past due	**0.2**	-
At end of year	**9.4**	7.5

15 Trade and other payables

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

	2021	2020
	£m	£m
Current:		
Trade payables	**(515.1)**	(487.0)
Other payables	**(16.5)**	(27.4)
Other taxation and social security	**(32.8)**	(33.4)
Accruals	**(53.7)**	(48.7)
Deferred income	**(5.4)**	(5.4)
Amounts owed to other Partnership companies	**(867.9)**	(862.1)
	(1,491.4)	(1,464.9)
Non-current:		
Other payables	**(0.1)**	(0.1)
Deferred income	**(7.9)**	(8.1)
	(8.0)	(8.2)

Notes to the financial statements (continued)

16 Lease liabilities

	2021 £m	2020 £m
Depreciation charge for right-of-use assets (excluding impairment) (see note 10)	**(109.3)**	(104.9)
Interest expense on lease liabilities	**(73.7)**	(70.3)
Expense relating to short-term leases	-	(0.1)
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(0.6)**	(0.6)
Expense relating to variable lease payments not included in lease liabilities	**(2.7)**	(1.9)
Total cash outflow for leases comprising interest and capital payments	**(150.5)**	(142.0)
Additions to right-of-use assets (see note 10)	**80.5**	114.0
Carrying amount of right-of-use assets (see note 10)	**1,317.6**	1,387.3
Carrying amount of lease liabilities – current	**(91.1)**	(75.9)
Carrying amount of lease liabilities – non-current	**(1,386.5)**	(1,405.4)

17 Provisions

	Reorganisation £m	Other £m	Total £m
At 25 January 2020	(0.6)	(4.1)	(4.7)
Charged to statement of comprehensive income	(10.2)	(1.3)	(11.5)
Released to statement of comprehensive income	1.8	0.7	2.5
Utilised	4.6	0.7	5.3
At 30 January 2021	**(4.4)**	**(4.0)**	**(8.4)**
Of which:			
Current	(4.4)	(4.0)	(8.4)
Non-current	-	-	-

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to our shop, distribution and retail operations.

Other provisions include property related costs and pay provisions.

18 Share capital

	2021 £m	2020 £m
Equity		
Allotted and fully paid ordinary shares	**1.0**	1.0
1,000,000 of £1	**1.0**	1.0

19 Commitments

At 30 January 2021, contracts had been entered into for future capital expenditure of £15.9m (2020: £10.5m) of which £12.0m (2020: £6.2m) relates to property, plant and equipment and £3.9m (2020: £4.3m) relates to intangible assets.

Notes to the financial statements (continued)

20 Parent company

The immediate parent undertaking is John Lewis plc, which is also the parent company of the smallest group to consolidate the financial statements of the Company. John Lewis Partnership plc, the Company's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the deferred ordinary shares issued by John Lewis Partnership plc in trust for the benefit of employees. All of these companies are registered in England and Wales. Copies of these financial statements may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London SW1P 1BX.

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

21 Subsequent events

On 24 March 2021, we confirmed that we have reached an agreement with XPO Logistics to operate our distribution centre in Leyland, Lancashire, on our behalf. As a result, 436 Partners will transfer to XPO under the Transfer of Undertakings Protection of Employment (TUPE) regulations.

WAITROSE LIMITED

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

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

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

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

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

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

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.

By order of the Board

B Michel

Bérangère Michel

Director

Waitrose Limited

23 April 2021

171 Victoria Street, London, SW1E 5NN

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAITROSE LIMITED

Opinion

We have audited the financial statements of Waitrose Limited ("the company") for the year ended 30 January 2021 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 January 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAITROSE LIMITED (continued)

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 38, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAITROSE LIMITED (continued)

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

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

M Maloney

Michael Maloney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
23 April 2021