

JOHN LEWIS FOUNDATION

ANNUAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

Company Number: 06058796

Charity Number: 1118162

Directors' and Trustees' report	2
Statement of Trustees' responsibilities	10
Statement of financial activities	11
Balance sheet	12
Statement of cash flows	13
Notes to the financial statements	14
Independent auditor's report	21

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

The Board of Trustees (the Trustees) presents their Directors' and Trustees' report along with the financial statements of the John Lewis Foundation (referred to as the "Foundation", the "Trust", the "Charity" or the "charitable company") for the year ended 31 January 2017. The financial statements have been prepared in accordance with the accounting policies set out on page 14 and comply with the Charity's Articles of Association, the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. In preparing the financial statements the Charity follows best practice as set out in the UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015) and the Companies Act 2006.

Objectives and activities

The objectives of the Charity are to advance general charitable purposes, acting alone or in association with others, by such charitable activities as the Trustees shall determine, to include (without limitation) charitable activities designed to benefit the communities in the UK and overseas in which those who produce products supplied to John Lewis (being the trading division of John Lewis plc) live and work.

The Charity will make grants to fund projects that improve the well being of such communities. Potential projects may include, but are not limited to:

- Funding the development of schools in areas where limited educational facilities are available;
- Funding medical centres and health care initiatives in areas of deprivation;
- Funding crèches and other child care facilities to enable women with young children to work;
- Funding training facilities to enable people with limited skills to improve their employability;
- Funding community and recreational facilities in areas where few exist; and
- Funding projects which help to protect the environment and improve biodiversity.

Funding projects of this nature will inevitably benefit the wider community as well as those individuals who produce products to be sold by John Lewis. In deciding which projects to support, the Charity will carefully consider issues such as local culture and traditions and the political situation and will seek advice from local groups and organisations experienced in working with these communities to ensure that the Charity's funding achieves the maximum benefit possible.

Grant making policy

To ensure that any social investment made by the Charity achieves maximum benefit, and to ensure that each individual project can be objectively evaluated, the Trustees have established a set of funding criteria which project proposals must meet in order to qualify for funding. Projects seeking funding must address at least one of the following areas:

- Education/training;
- Enabling employment;
- Health care/medical facilities;
- Family guidance and support;
- Personal rehabilitation and counselling;
- Affordable accommodation;
- Community/recreation amenities;
- Deprivation; or
- Environment/biodiversity.

The Trustees have also clearly defined what types of projects will not be eligible for grants. Projects which are ineligible for funding include:

- Projects that have no benefit to communities who produce products or are likely to produce products sold by John Lewis;
- Projects that promote religious or political groups or activities that exclude any part of society; and
- Courses, conferences, festivals, expeditions, overseas travel, fundraising events, receptions, lectures, respite breaks or holidays.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

The Trustees have also identified those organisations that are ineligible for funding, which include:

- Pressure or campaign groups;
- Endowment funds; and
- Personal or company sponsorship.

The Trustees have also approved guidelines for applications, which are included in a formal 'Applicant Guidance Pack', which sets out how to apply, who should apply, how much an organisation can apply for, when to apply, the approval process and the terms and conditions of any grant award.

Applications are welcome from the following groups or individuals:

- John Lewis Partnership employees;
- Supplier management committees;
- Worker management committees; and
- Independent charities and community groups.

Achievements and performance

In planning our activities each year we have regard to the Charity Commission's guidance on public benefit at our Trustee meetings. The Trustees always ensure that the programmes we undertake are in line with our charitable objectives.

The Foundation started a project in 2012 in conjunction with Care and Fair to build and establish a girl's school in the rug weaving area of Uttar Pradesh, one of the poorest areas in India. The first stage was completed in July 2014 opening with 80 girls. The school is aimed at providing education to the children from the families of weavers. The school now supports 124 girls. July 2016 saw the first girls graduate and an impact assessment is being undertaken in 2017.

The third phase of CottonConnect focused on improving the environmental aspects of the initial 1,500 farmers trained. Some of the sustainable cotton produced in previous years is now coming to an end and has been utilised in a number of John Lewis products, bath mats and bags for life and fabric production. An impact report on the project is due for review in Q3 2017.

In 2014 the Foundation agreed to support a project with Mainstream Solutions and Education (Geosansar), which aims to provide financial training and access programme for workers in the John Lewis Supply Chain in India. A review was carried out in 2015 as the first phase of the project had not met its objectives. In 2016 a relaunch took place and the Trustees reviewed the project. As the project did not meet its objectives funding has been withdrawn.

The Katha School of Entrepreneurship (KSE) has completed its first year supported by the Foundation and has helped shape lives of 450 professional students with 85% of them getting employed in various industries. The British Asian Trust has completed its first report and is looking to improve the access of students to relevant employers. The Foundation via the John Lewis office in India has arranged a number of supplier visits for students. The school aims to help marginalised people, especially women and young people, to access income generation opportunities by providing vocational training and support entering employment.

In 2016/17, four further grants were awarded by the Trustees. The Foundation awarded a grant to Action Aid UK to deliver a project to improve the living conditions for female garment sector workers in Cambodia running over a three year period from 2016-18. The project seeks to reduce the threat and fear of violence for female garment workers in Phnom Penh. Building on an existing programme, the 'Safe Cities for Women' global initiative and pilot work in the Dangkor area of Phnom Penh, the project will empower women to challenge violence against them in public places and demand improvement to public services that will address their needs. This project will directly impact 500 female garment workers, with this expanding indirectly to over 4,000 people across the city's garment industry.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

A second grant was awarded to Toybox to deliver the Street to School programme benefiting street children in Delhi, India supporting them into education; supporting the parents of the street children and the teachers within the school context. There are around 440 million children living in India, an estimated 40% of these are currently in need of care and protection. In Delhi alone, there are approximately 51,000 children living and working on the streets. Street children in New Delhi work in a number of jobs; from begging and rag-picking to shoe-shining and trinket-selling. Working on the streets means they do not have the time or support to go to school and therefore grow up without an education. Currently 50% of street and working children in New Delhi are illiterate. Growing up illiterate seriously inhibits children's chances and opportunities for the future, resulting in a cycle of poverty that leaves them no choice but to spend the rest of their lives on the street. Education is the single most effective way of breaking the cycle of poverty that street and working children in India experience.

Toybox have been working with an experienced local organisation - Childhood Enhancement through Training and Action (CHETNA) to deliver the Street to School project. With the overall aims:

1. To enable street and working children in New Delhi to access formal education.
2. To improve the knowledge, attitudes and practice towards street and working children by parents, teachers and authorities in New Delhi.

The project will run over a two year period 2016-17.

A third grant was awarded to the Pacific Links Foundation to deliver an Academic Scholarship programme in the Mekong Delta benefiting young women from economically disadvantaged backgrounds living in areas with high incidences of human trafficking.

Funding from John Lewis Foundation enables the Pacific Links Foundation to:

1. Provide scholarships to 200 young women per academic year, including assistance covering tuition, school fees, supplies, books, uniforms, testing fees, health insurance and after school tutoring. Recipients also participate in home visits and family days.
2. Support Summer Camp attendance for 200 scholarship recipients, where they learn about core values, human trafficking risks, reproductive health, career planning and other life skills. This camp supports young women in developing practical life skills and positive self-esteem, which reduces their risk of falling prey to traffickers.
3. Provide bicycles to 50 scholarship recipients per academic year, so that they can commute quickly between home and school.

The project will run over a three year period 2016-18.

Finally, collaboration was formed with the British Asian Trust to deliver a research project to study the feasibility of establishing a "hotspot" program in selected areas of Rajasthan to address modern slavery.

The Foundation via its Sub-Committee has donated more than £220,000 to charities in England & Scotland through the single-use carrier bag (SUCB) charge. In total seventeen different charities benefited from donations awarded by the Foundation via its Sub-Committee.

This included two donations of £50,000 or more: Barnardo's Palmersville Training Project (£53,738), which provides vocational and pre-vocational learning to 14-24 year olds who are NEET (Not in Education, Employment or Training) or at risk of becoming NEET. Young people can take job-related courses and programmes instead of, or alongside, their normal school subjects; and Barnardo's – Renfrewshire & Edinburgh (£50,000), which provides four services to equip disaffected and isolated young people with the skills and experience they need to find stable employment. The programme also finds employers and businesses to offer work experience and job opportunities for young people.

Six donations of £10,000 were awarded to: Ashford Place, Genesis Trust Bath, Baytree Centre, Kazzum Arts Project, Vital Regeneration and Camphill School.

Seven donations of over £5,000 were awarded to: Panathlon Foundation Ltd £9,975, The Circle Collective £9,964, Body and Soul £9,811, Reach Learning Disability £7,370, Recover £7,310, Duke of Edinburgh Group £5,500 and New Hope £5,000. Smaller donations included St Wilfred's Centre £3,000 and Castlebrae School £1,572.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

Financial review

The John Lewis Foundation was established in 2007 with a donation of £311,000 from John Lewis plc.

In the year to 31 January 2017, John Lewis plc donated £849,766. This included £527,157 from the sale of single use carrier bags (SUCB) and £264,575 from money raised at Annual Golf Day events organised by the Managing Director, John Lewis (2016: £239,950), full details can be found in note 2 to the accounts. Interest generated was £2,786 (2016: £1,691). Total donations paid were £757,905 (2016: £127,304) full details of the donations made are in notes 5, 6, and 7 of the accounts.

As at 31 January 2017 the Charity had unrestricted funds of £849,953 (the Trust Fund) (2016: £729,449).

Investment policy

The investment policy is reviewed annually. Trust Funds are split between an instant access account and a 95 day corporate notice account.

Reserves policy

The reserves policy is reviewed annually. The Trustees are unanimously of the view that the Charity needs to hold reserves in order to secure and ensure the ability of the Foundation to continue making grants in the future. Therefore during the year the Trustees applied as much as was prudent of the Trust Fund in relation to the objectives of the Charity taking into account future obligations.

Future funding

John Lewis plc has agreed to donate a percentage of income generated from the sale of samples. These samples are received within the John Lewis plc Commercial Directorate, and if permitted by their suppliers, are offered for sale to our John Lewis Partners through regular sample sales run by John Lewis plc. The Trustees have also developed a Commercial Participators Agreement between the Charity and John Lewis plc. This will involve John Lewis plc paying a royalty from the sale of a range of goods, sold in branch, for the use of the John Lewis Foundation logo. John Lewis has also agreed to donate a percentage of the money raised by the Managing Director's Annual Golf Day to the Foundation.

As a result of the recent change in legislation to charge for single use plastic bags, John Lewis plc has committed to donate all funds received, in England and Scotland, from the sale of carrier bags to the Foundation.

Plans for future periods

In December 2016 the Foundation embarked on three major collaborations with UK overseas charities. Firstly, the Foundation agreed to support a two year project with Oxfam GB to form a partnership to deliver a project to empower and support women living and working in urban communities in Bangladesh. The project will be located in communities where John Lewis suppliers are based and will engage suppliers directly, helping to create sustainable change for women in the John Lewis supply chain.

Secondly, a grant was agreed in support of a three year project with CottonConnect to deliver a project to improve the living conditions for disadvantaged Uyghur cotton farmers in China's Xinjiang province specifically around low production skills and lack of training and employment opportunities.

Finally, collaboration was formed with the British Asian Trust to deliver a research project to study the feasibility of establishing a "hotspot" program in selected areas of Rajasthan to address modern slavery.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

Strategic review

During the year the Trustees received a proposal from John Lewis, asking the Trustees to consider extending the scope of the John Lewis Foundation and accept additional revenue streams, including those arising from the sale of Single Use Carrier Bags (SUCB), and in doing so extend its remit to encapsulate all charitable giving on behalf of John Lewis in the UK.

After some consideration the Trustees were in agreement that the Foundation was a good fit for the remit detailed within the proposal and subsequently engaged Corporate Citizenship to facilitate a strategic review of the Foundation as they considered the increased revenue streams they would be receiving.

Following the review the Trustees agreed to focus on investing in disadvantaged communities that support the John Lewis business throughout the world to acquire relevant skills required for meaningful employment.

As a result of the increased revenues and applications the Foundation anticipated it would be receiving, the Trustees decided to establish a Sub-Committee of the Board, with the remit to focus on considering and selecting projects to support in the UK. The Board agreed terms of reference for the Sub-Committee, which is comprised of eight members, each of whom work within one of the key John Lewis directorates.

UK – Sub-Committee

The Sub-Committee is chaired by Maggie Porteous on behalf of the Trustee Board and focuses on selecting projects to support in the United Kingdom. Additionally, money raised from the sale of Single Use Carrier Bags in Scotland must be spent on projects based in Scotland, and the Sub-Committee administers these grants.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

Reference and administrative details

Charity Name: John Lewis Foundation

Charity Number: 1118162

Company Number: 06058796

Principal Office: 171 Victoria Street, London, SW1E 5NN

Directors and Trustees

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

Mr Sean Allam

Ms Paula Nickolds (until 28 November 2016)

Mr Jonathan Lingham

Mrs Maggie Porteous

Mr Constantino Rocos

Mr Paul Buchanan

Ms Sarah Gillard from (6 March 2017)

General Counsel and Company Secretary

Mr Keith Hubber

Independent Auditor

KPMG LLP, 15 Canada Square, London, E14 5GL

Bankers

National Westminster Bank plc, Cavendish Square,
PO Box 4NU, 1 Cavendish Square, London, W1G 0LA

Nationwide Building Society
Kings Park Road, Moulton Park, Northampton, NN3 6NW

Legal Adviser

General Counsel and Company Secretary, The John Lewis Partnership plc, Partnership House,
Carlisle Place, London SW1P 1BX

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

Structure, Governance and Management

Governing Document

The John Lewis Foundation was incorporated as a private limited company, number 06058796, on 19 January 2007 and registered as a charity with the Charities Commission on 28 February 2007, number 1118162. The Company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Every member (also being a Director of the Company and Trustee of the Charity) promises, if the Charity is dissolved while he or she remains a member or within 12 months afterwards, to pay up to £1 towards the costs of dissolution and the liabilities incurred by the Charity while he or she was a member.

Organisation

The John Lewis Foundation is governed by an independent Board of Trustees. The John Lewis Partnership plc Board shall be entitled by notice in writing signed by them or on their behalf and left at or sent to the registered office of the Foundation to appoint up to five Trustees and by like notice to remove any Trustee so appointed by them. The Board of Trustees may appoint up to five further Trustees. The Board consists of at least three and not more than ten individuals. The Trustees must hold at least two meetings each year, and quorum at a meeting of the Trustees is three Trustees (of which at least two, or 50%, if greater, shall be Trustees appointed by the Partnership Board).

The Trustees' legal responsibilities are outlined more fully in the Foundation's Articles of Association, which all Trustees have read and approved. The Trustees who served for any part of the year ended 31 January 2017 and up to the date of signing this report are set out on page 7.

Each Trustee can serve for a three year term of office and shall retire at the board meeting arising after the third anniversary of their appointment. A retiring Trustee who remains qualified may be reappointed for a further three year term of office, up to a maximum of six years.

Day to day management and administration of the John Lewis Foundation is carried out by Sarah Wharf (until 31 March 2017 and Kirsty Mason from 10 April 2017) Administration Manager to Director, Commercial Operations for John Lewis. A Programme Co-ordinator has been seconded to the Foundation from John Lewis plc to assist and take forward management and administration of the Foundation and the UK Sub-Committee.

On appointment Trustees are each issued with an 'Induction Pack' providing detailed information about their legal obligations and responsibilities. The pack contains the following documents:

- The John Lewis Foundation Articles of Association;
- The John Lewis Foundation Funding Criteria and Application Guidelines;
- An example of a John Lewis Foundation Application Form and Applications Guidance Pack; and
- The Paper - 'The Essential Trustee: An Introduction', published by the Charity Commission.

Training has been provided on specific subjects, as needed, at the meetings of the Trustees.

The Trustees met four times during the period between 1 February 2016 and 31 January 2017.

JOHN LEWIS FOUNDATION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR TO 31 JANUARY 2017

Related parties

The Directors did not receive and were not entitled to receive, any remuneration for their services. No Director's expenses were incurred in the year.

Risk management

The Trustees regularly consider the Foundation's activities in relation to the Foundation's charitable objectives and the risks to which it is exposed. The Trustees believe that the significant areas of risk in the Charity's operations revolve around the misuse of funds by a partner organisation.

The Board of Trustees have discussed at length ways of assessing individual project risk and liability to ensure that both the recipient and project are eligible to receive grants from trust funds, particularly for those projects based overseas.

The Board of Trustees have agreed that it is necessary to undertake a degree of due-diligence before any award is made, in order to be satisfied that funds will be applied (a) in compliance with UK Charity law; (b) consistently with the Foundation's own objects; and (c) in the intended manner.

In response the Board of Trustees will enter into formal agreements for any projects that involve a commitment of funds over multiple years and/or where a grant of over £20k is made.

The second risk surrounds the long term availability of funds to continue the objects of the Foundation. On 5 October 2015, legislation was introduced in England that required large retailers with more than 250 full-time equivalent employees to charge for single use plastic carrier bags. As a result of the incoming legislation, John Lewis plc decided to donate all funds received from the sale of carrier bags through the John Lewis Foundation for onward donation to good causes. This decision will provide an ongoing revenue stream for the Foundation.

Having made all reasonable enquiries, the Trustees are satisfied that appropriate action is being taken to minimise the possible effects on the Foundation of these risks.

Pay Policy

As a result of the broadened scope of the Foundation, the Trustees agreed that it was necessary to recruit a Programme Co-ordinator, to support the Trustees in delivering the charitable purposes of the Foundation through the provision of day to day operational support to develop, coordinate, manage and evaluate projects and overall programme delivery. This role is the only paid role within the John Lewis Foundation. In determining the pay range for the role the Foundation was supported by John Lewis.

JOHN LEWIS FOUNDATION

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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Sean Allam, Trustee
John Lewis Foundation
26 October 2017

JOHN LEWIS FOUNDATION

BALANCE SHEET AS AT 31 JANUARY 2017

Note	Total Funds 2017 £	Total Funds 2016 (restated)* £
Current assets		
18 Debtors	60,908	57,755
Cash at bank and in hand	1,088,770	696,160
Total current assets	1,149,678	753,915
Liabilities		
19 Creditors: amounts falling due within one year	(299,725)	(24,466)
Net current assets	849,953	729,449
Total net assets	849,953	729,449
The funds of the charity		
Unrestricted funds	849,953	729,449
20 Total charity funds	849,953	729,449

* Refer to note 1.

The financial statements on pages 11 to 20 were approved by the Board of Trustees on 26 October 2017 and signed on its behalf by:

TRUSTEES OF THE JOHN LEWIS FOUNDATION

) Sean Allam

)
Trustee

26 October 2017

JOHN LEWIS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2017

Note	2017 £	2016 £
Cash flows from operating activities:		
24	389,824	230,925
Cash flows from investing activities		
Interest income	2,786	1,691
Net cash provided by investing activities	2,786	1,691
Change in cash and cash equivalents in the year	392,610	232,616
Cash and cash equivalents at the beginning of the year	696,160	463,544
Cash and cash equivalents at the end of the year	1,088,770	696,160

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Companies Act 2006.

In the transition to FRS102 from FRSSE, the Charity has made no measurement and recognition adjustments, other than minor presentational differences. Whilst there were no measurement adjustments on transition to FRS 102 there was an adjustment in respect of adjustments to previous GAAP. See Restatement below. The accounting policies set out below have, unless otherwise stated been applied consistently to all periods presented in these financial statements.

The Charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The Trustees, after reviewing the Charity's operating budgets, investment plans and financing arrangements, consider that the Charity has sufficient financing available to continue for the foreseeable future. Accordingly, the Trustees are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Restatement

	2016	Restatement	Reclassification	2016 (restated)
	£	£	£	£
Income				
Donations	265,950	-	35,836	301,786
Income from other trading activities	108,504	(9,745)	(98,759)	-
Other income	-	-	62,923	62,923
Investment income	1,691	-	-	1,691
Total	376,145	(9,745)	-	366,400
Total funds brought forward	476,341	64,989	-	541,330
Current assets				
Debtors	2,511	55,244	-	57,755
The funds of the Charity				
Unrestricted funds	674,205	55,244	-	729,449

During the year, the income statement classification of funds donated by John Lewis from the sale of sample goods, and income from the sale of products with the John Lewis Foundation logo (rugs, bath mats and re-sable bags 'Bags for Life') for the year ended 31 January 2016 was reviewed. Following the review, it was noted that certain income should be recognised as Donations or Other Income rather than Income from other trading activities as it more accurately reflects the nature of the activity. In two instances accounting was performed on a cash rather than accruals basis for income received from the sale of rugs and bath mats.

Sale of rugs and bath mats restatement

During the year ending 31 January 2016, income of £64,989 from the sale of rugs and bath mats which actually related to the year ended 31 January 2015 was incorrectly recognised on a cash basis. An adjustment of £64,989 has been made to credit total funds brought forward for the year ending 31 January 2016 and debit income received in 2016 by the same amount.

An amount of £55,244 relating to the sales of rugs and bath mats on an accruals basis for the year ending 31 January 2016 was not previously recognised. An adjustment of £55,244 has been made to credit income and debit debtors for the same amount to reflect sales for the year ending 31 January 2016.

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Restatement (continued)

The net impact of this adjustment has been a reduction in revenue by £9,745 from £376,145 to £366,400, the net income and net movements in funds for the year has decreased from £197,864 to £188,119, debtors have increased from £2,511 to £57,755 and the Total funds brought forward have increased from £476,341 to £541,330 for the year ending 31 January 2016.

Sale of sample goods reclassification

It was determined that the sale of sample goods should be recognised as Donations rather than Income from other trading activities as it more accurately reflects the nature of the activity. This has resulted in a reclassification of £35,836 of income from Income from other trading activities to Donations for the year ending 31 January 2016.

Sale of rugs, bath mats and re-usable bags 'Bags for Life' reclassification

It was determined that income from the sale of rugs, bath mats, re-usable bags 'Bags for Life' should be recognised as Other income, instead of Income from other trading activities as it more accurately reflects the nature of the activity. For the year ending 31 January 2016, a restatement of £62,923 (£55,244 in relation to rugs and bath mats and £7,679 for re-usable bags 'Bags for Life') of income was reclassified from Income from other trading activities to Other income.

Income recognition policies

All income is included in the Statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- a) Donations are included in full in the Statement of financial activities when receivable.
- b) Investment income is recognised on an accruals basis.
- c) Other income is recognised on an accruals basis.

Donated services and facilities

Donated services and facilities are recognised as income when the Charity has control over the item, the receipt of economic benefit from the use of the item by the Charity is probable and can be measured reliably. John Lewis plc has provided administrative support at no cost. These donated services are recognised in the accounts based on an average rate for the services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

Expenditure is included on an accruals basis as a liability is incurred. Donations payable are charged as and when all conditions of the donation have been met (post agreement by the Trustees). Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

If the recognition of a liability is no longer appropriate (e.g. an agreement is terminated) the liability is cancelled by crediting the original expenditure category.

Debtors

Debtors are recognised at the recoverable amount due.

Cash at bank and in hand

All cash is held in bank accounts with a short notice period of less than 90 days.

Creditors

Creditors are recognised where the Charity has a present obligation and the amount due to settle the obligation can be measured or estimated reliably.

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

2. Donations

	2017	2016
		(restated)*
	£	£
Funds donated by John Lewis plc from the sale of SUCB	527,157	-
John Lewis donation from Annual Golf Days	264,575	239,950
Funds donated by John Lewis from the sale of sample goods	37,534	35,836
Donated services	20,500	26,000
Total	849,766	301,786

* Refer to note 1.

Funds donated by John Lewis from the sale of Single Use Carrier Bags (SUCB) relate to sales from year ended January 2016 £217,243 and year ended January 2017 £309,914. The donation from the golf days is money raised at the Annual Golf Day events organised by the Managing Director, John Lewis, in years ending January 2016 and 2017. Administrative support is provided by John Lewis plc. The value of these services is estimated at £20,500. The estimated value of these services is recognised within income as a donation, and an equivalent charge included within support costs.

3. Investment income

All of the investment income arises from money held in an interest bearing bank account.

4. Other income

	2017	2016
		(restated)*
	£	£
Sale of rugs	56,950	51,134
Sale of bath mats	3,883	4,110
Re-usable bags 'Bags for Life' sold in John Lewis stores	2,244	7,679
Total	63,077	62,923

* Refer to note 1.

The contribution from the sale of rugs had the John Lewsi Foundation Logo. The bath mats sold used cotton produced by cotton farmers that have been supported by the John Lewis Foundation through the CottonConnect project.

5. Expenditure on charitable activities

	2017	2016
	£	£
Donations payable by John Lewis Foundation (note 6)	534,665	127,304
Donations payable by John Lewis Foundation Sub-Committee (note 7)	223,240	-
Sub-total	757,905	127,304
Governance costs	10,391	24,692
Support costs	26,829	26,000
Other	-	285
Total	795,125	178,281

The governance costs are for a strategic review of the John Lewis Foundation. The support costs principally relate to wages and salaries and include an estimated figure of £20,500 relating to the administrative services provided by John Lewis plc at no charge, an equivalent sum is included in income. Other costs in 2016 relate to a Trustee's retirement gift.

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

6. Expenditure by John Lewis Foundation

	2017	2016
	£	£
Charitable activities		
Donations to Institutions		
CottonConnect Limited (note 8)	41,595	37,813
British Asian Trust - KATHA (note 9)	17,600	19,200
Care and Fair (notes 10 and 11)	13,973	27,021
Mainstream Solutions and Education (Geosansar) (note 12)	26,393	14,601
Action Aid (note 13)	51,506	-
Toybox (note 14)	42,000	-
Pacific Links Foundation (note 15)	52,098	-
Oxfam (note 16)	250,000	-
CottonConnect Limited (note 17)	22,000	-
British Asian Trust	17,500	-
Rajendra Baranwal Girl's School	-	9,669
Iris Hantverk	-	10,000
Dumfries House Trust	-	9,000
Total	534,665	127,304

7. Expenditure by John Lewis Foundation Sub-Committee

	2017	2017	2017
	£	£	£
	England	Scotland	Total
Charitable activities			
Donations to Institutions			
Barnardo's Renfrewshire & Edinburgh		50,000	50,000
Barnardo's Palmersville Training Project	53,738		53,738
Ashford Place	10,000		10,000
Recover	7,310		7,310
New Hope	5,000		5,000
St Wilfred's Centre	3,000		3,000
Sub-total using funds from SUCB sales year to Jan 2016	79,048	50,000	129,048
Genesis Trust Bath	10,000		10,000
Baytree Centre	10,000		10,000
Kazzum Arts Project	10,000		10,000
Vital Regeneration	10,000		10,000
Camphill School		10,000	10,000
Panathlon Foundation Ltd	9,975		9,975
The Circle Collective	9,964		9,964
Body and Soul	9,811		9,811
Reach Learning Disability	7,370		7,370
Duke of Edinburgh Group		5,500	5,500
Castlebrae School		1,572	1,572
Sub-total using funds from SUCB sales year to Jan 2017	77,120	17,072	94,192
Total	156,168	67,072	223,240

Funds donated from the sale of Single Use Carrier Bags (SUCB) in year ended January 2016 were not received until April 2016, therefore donations using these funds were made in year ended January 2017.

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

8. **Multi-Year Project with CottonConnect Limited - Composting Pit Programme**

In 2014 the Trustees agreed a multi-year project with CottonConnect Limited. The third and final payment of £41,595 was made during the year to 31 January 2017 (2016: £37,813). The total amount committed but not provided as at 31 January 2017 was £nil (2016: £41,595).

9. **Multi-Year Project with British Asian Trust - KATHA SCHOOL**

In February 2015 the Trustees agreed a multi-year project by signing a Memorandum of Understanding (MOU) with the British Asian Trust to support the Katha School of Entrepreneurship. The total amount approved was £56,800, this was to be paid by instalments over 3 years. The second payment of £17,600 was made during the year to 31 January 2017 (2016: £19,200). The final payment of £20,000 in the year ending January 2018 is conditional on the Trustees receiving a satisfactory annual report. The total amount committed but not provided as at 31 January 2017 was £20,000 (2016: £37,600).

10. **Grant Agreement with Care and Fair**

In 2012 the Trustees signed a Grant Agreement with Care and Fair to build and establish a girl's school in Uttar Pradesh, India, the total amount approved was £121,000. In 2014 Care and Fair advised the Trustees that they will not be purchasing two buses and instead agreed with the Trustees to use part of the funds to purchase solar panels. This reduced the total amount agreed to £101,000. In the year to 31 January 2016, a final payment of £21,526 was made.

11. **Grant Agreement with Care and Fair - Running Costs**

In June 2012 the Trustees agreed to ongoing funding of the school for a period of five years, at a total amount of £157,000. In June 2015 the Trustees affirmed their decision to support the running costs of the school. In the year to 31 January 2017 a payment of £13,973 was made (2016: £5,495). The total amount committed but not provided as at 31 January 2017 was £137,532 (2016: £151,505).

12. **Multi-Year Project with Mainstream Solutions and Education (Geosansar)**

In July 2014 the Trustees agreed a multi-year project by signing a Memorandum of Understanding (MOU) with Mainstream Solutions and Education (MASSE). The total amount approved was £94,115, this was expected to be paid over 3 years, however this project was terminated in 2016 because MASSE were not achieving the targets as outlined in the MOU. A final payment of £26,393 was made in the year to 31 January 2017 (2016: £14,601) to cover costs incurred during the period August 2015 to July 2016. The total amount committed but not provided as at 31 January 2017 was £nil (2016: £65,079).

13. **Multi-Year Project with Action Aid**

In May 2016 the Trustees agreed a multi-year project with Action Aid. The total amount approved was £153,888, this was to be paid by instalments over 3 years. The first payment of £51,506 was paid during the year to 31 January 2017. Future payments are conditional on the Trustees receiving satisfactory annual reports. The total amount committed but not provided as at 31 January 2017 was £102,382 (2016: £153,888).

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

14. Multi-Year Project with Toybox

In August 2016 the Trustees agreed a two-year project with Toybox. The total amount approved was £84,000, this was to be paid by instalments over 2 years. The first payment of £42,000 was paid during the year to 31 January 2017. The second payment is conditional on the Trustees receiving satisfactory annual reports. The total amount committed but not provided as at 31 January 2017 was £42,000 (2016: £nil).

15. Multi-Year Project with Pacific Links Foundation

In August 2016 the Trustees agreed a multi-year project with Pacific Links Foundation. The total amount approved was £164,239, this was to be paid by instalments over 3 years. The first payment of £52,098 was paid during the year to 31 January 2017. Future payments are conditional on the Trustees receiving satisfactory annual reports. The total amount committed but not provided as at 31 January 2017 was £112,141 (2016: £nil).

16. Multi-Year Project with Oxfam

In December 2016 the Trustees agreed a two-year project with Oxfam. The total amount approved was £500,000, this was to be paid by instalments over 2 years 2017-18 and 2018-19. The first payment of £250,000 was paid in February 2017. The second payment is conditional on the Trustees receiving satisfactory bi-annual reports. The total amount committed but not provided as at 31 January 2017 was £500,000 (2016: £nil).

17. Multi-Year Project with CottonConnect Limited- Uyghur Cotton farmers in China's Xinjiang province

In December 2016 the Trustees agreed a multi-year project with CottonConnect. The total amount approved was £113,245, this was to be paid by instalments over 3 years, 2017-18, 2018-19 and 2019-20. The first payment of £22,000 was paid in February 2017. Future payments are conditional on the Trustees receiving satisfactory annual reports. The total amount committed but not provided as at 31 January 2017 was £113,245 (2016: £nil).

18. Debtors

	2017	2016
		(restated)*
	£	£
Amounts owed by John Lewis plc	60,908	57,755

* Refer to note 1.

In 2017 the figure includes £56,950 being a contribution from the sales of rugs, during the year to January 2017, with the John Lewis Foundation Logo (2016: £51,134); and £3,883, a contribution from the sales of bath mats, in the year ended January 2017, using cotton produced by cotton farmers that have been supported by the John Lewis Foundation through the CottonConnect project (2016: £4,110).

JOHN LEWIS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

19. Creditors: amounts falling due within one year

	2017	2016
	£	£
Donations	299,500	-
Governance costs	-	24,242
Other	225	224
	299,725	24,466

The governance costs in 2016 were for the strategic review of the John Lewis Foundation.

20. Net movement in funds

	2017
	£
Fund at 31 January 2016 (restated)*	729,449
Movement in fund for the year	120,504
Fund at 31 January 2017	849,953

* Refer to note 1.

21. Corporation Taxation

The Charity is a registered charity, and as such is exempt from tax on income and gains to the extent that these are applied solely for charitable purposes, falling within section 505 of the Taxation Act 1988.

22. Related party transaction

Cash donations totalling £849,766 have been made by John Lewis plc for the year ended 31 January 2017 (2016: £301,786). The audit fee was borne by John Lewis plc. The Directors did not receive, and were not entitled to receive, any remuneration for their services. The Programme Co-ordinator is employed by John Lewis plc and charged to the John Lewis Foundation on a monthly basis. This new role started during the year ended January 2017. Other administrative support is provided by John Lewis plc. The value of these services is estimated at £20,500. The estimated value of these services is recognised within income as a donation, and an equivalent charge included within support costs.

23. Post Balance Sheet Events

After year end John Lewis plc donated £242,646 being the amount received for the sale of plastic carrier bags. No accounting has been recorded in the financial statements for 31 January 2017 in respect of this amount.

24. Reconciliation of net movement in funds to net cash flows from operating activities

	2017	2016
	£	£
Net movement in funds	120,504	188,119
Investment Income	(2,786)	(1,691)
(Increase)/decrease in Debtors	(3,153)	20,031
Increase in Creditors	275,259	24,466
Net cash provided by operating activities	389,824	230,925

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF JOHN LEWIS FOUNDATION

We have audited the financial statements of John Lewis Foundation for the year ended 31 January 2017 set out on pages 11 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable 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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, which constitutes the Directors' report for the financial year is consistent with the financial statements.

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

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF JOHN LEWIS FOUNDATION LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Aimie Keki (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

October 2017