

Marks and Spencer Investments Limited

Report and Financial Statements

**For the period from
17 September 2003 to 3 April 2004**

Registered Number 04903061



Marks and Spencer Investments Limited
Report and Financial Statements
Period ended 3 April 2004

Report of the Directors

The directors present their report and the audited financial statements for the period ended 3 April 2004.

Principal activities

The Company was incorporated on 17 September 2003 as Marks and Spencer Investments Limited. The Company is a financing vehicle for the Marks and Spencer Group. This activity will continue in the foreseeable future.

Results and dividends

The profit and loss account for the year is set out on page 4.

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the year were as follows:

P Hay-Plumb	Appointed 17 September 2003
L Powers-Freeling	Appointed 17 September 2003
AC Reed	Appointed 17 September 2003

L Powers-Freeling and AC Reed are also directors of Marks and Spencer Group plc, the ultimate holding company, and as such are not required to disclose in these financial statements interests in the shares of companies in the Marks and Spencer Group as they are disclosed in the financial statements of Marks and Spencer Group plc.

The interests of P Hay-Plumb in the shares of the ultimate holding company, Marks and Spencer Group plc, are as follows:

Director	Ordinary Shares at 17/9/03	Ordinary Shares at 3/4/04	'B' Shares at 17/9/03	'B' Shares at 3/4/04	Options at 17/9/03	Options granted in period	Options exercised / lapsed period	Options at 3/4/04	Options exercisable at 17/9/03	Options exercisable at 3/4/04
P Hay-Plumb	290	4,338	359	359	212,121	-	-	212,121	-	-

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Directors' responsibilities for preparing the financial statements

The directors are obliged under company law to prepare financial statements for each financial year.

The financial statements, of which the form and content is prescribed by the Companies Act 1985 and applicable accounting standards, must give a true and fair view of the state of the Company's affairs at the end of the financial year, and of the profit for that period.

The directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements. They are also responsible for preparing the financial statements on the going concern basis.

The directors confirm that the above requirements have been complied with in the financial statements.

In addition, the directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the next Annual General Meeting.

By Order of the Board



RJ Ivens
Company Secretary
29 September 2004

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Independent auditors' report to the members of Marks and Spencer Investments Limited

We have audited the financial statements which comprise the profit and loss account, balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Report of the Directors.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 3 April 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 September 2004

Marks and Spencer Investments Limited
Profit and Loss Account

		29 weeks ended 3 April 2004 £'000
	Notes	
Investment income	2	1,316
Administrative expenses		(10)
Profit on ordinary activities before taxation	3	1,306
Tax on profit on ordinary activities	5	(392)
Retained profit for the year	9	914

All results shown in the profit and loss account above are derived from continuing operations.

The Company has no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Marks and Spencer Investments Limited
Balance Sheet

	Notes	3 April 2004 £'000
Current assets		
Debtors - receivable within one year	6	52,173
Debtors - receivable after more than one year	6	55,000
Cash at bank and in hand		668
		107,841
Current liabilities		
Creditors - amounts falling due within one year	7	(399)
		107,442
Net current assets		107,442
Net assets		107,442
Called up share capital	8	1
Share premium account	9	106,527
Profit and loss account	9	914
Shareholders' funds (all equity)	10	107,442

The financial statements and related notes on pages 4 to 9 were approved by the Board of Directors on 29 September 2004 and signed on its behalf by:

AC Reed

AC Reed
 Director

Marks and Spencer Investments Limited
Notes to the Financial Statements
Period ended 3 April 2004

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Investment Income

Investment income represents interest receivable on medium term notes and intercompany loans.

c) Cash flow statement

The Company is a wholly owned subsidiary of an EU company that publishes consolidated financial statements that include a consolidated cash flow statement. Therefore, it is not required to produce a cash flow statement.

Note 2 Investment income

	2004
	£'000
Interest income on medium term notes	1,167
Interest income on loans to a group company	149
	<hr/> 1,316 <hr/>

Marks and Spencer Investments Limited
Notes to the Financial Statements
Period ended 3 April 2004

Note 3 Profit on ordinary activities before taxation

2004
£'000

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration for audit services	4
Custody Fees	6
	10

Note 4 Directors' emoluments and employee information

The Company had no employees during the period. No director received emoluments in respect of their services to the Company during the period.

Note 5 Taxation on ordinary activities

2004
£'000

Profit before taxation	1,306
Taxation at the standard UK corporation tax rate of 30%	392

Note 6 Debtors

2004
£'000

Amounts receivable within one year:

Amounts owed by group undertakings	52,173
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Amounts receivable between 2 and 5 years:

Amounts owed by group undertakings	55,000
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Amounts owed by group undertakings include loans totalling £51,528,458 and medium term notes totalling £55,000,000.

Marks and Spencer Investments Limited
Notes to the Financial Statements
Period ended 3 April 2004

Note 7 Creditors: amounts falling due within one year

	2004 £'000
Corporation tax	392
Accruals	7
	<u>399</u>

Note 8 Called up share capital

	2004 £'000
Authorised, allotted, called up and fully paid :	
1,000 ordinary shares of £1 each	<u>1</u>

Note 9 Reserves

	Share Premium Account £'000	Profit and Loss Account £'000
Premium on shares issued in the period	106,527	-
Profit for the year	-	914
Reserves at 3 April 2004	<u>106,527</u>	<u>914</u>

Marks and Spencer Investments Limited
Notes to the Financial Statements
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Note 10 Reconciliation of movements in shareholders' funds

	2004 £'000
Share capital issued	1
Premium on share capital issued	106,527
Profit for the year	914
Closing shareholders' funds	107,442

Note 11 Related party disclosures

The Company is a wholly owned subsidiary of Marks and Spencer plc, the immediate parent undertaking, and has therefore taken advantage of the exemption not to disclose intra-group transactions.

There were no other transactions with related parties.

Note 12 Ultimate parent company

The ultimate parent undertaking and controlling party is Marks and Spencer Group plc, a company registered in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the Marks and Spencer Group plc consolidated financial statements can be obtained from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW.