

Registration number 04903061

# Marks and Spencer Investments

Annual Report and Unaudited Financial Statements

for the Year Ended 2 April 2016



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## Marks and Spencer Investments

### Strategic Report for the Year Ended 2 April 2016

The directors present their strategic report for the year ended 2 April 2016

#### **Fair review of the business**

The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The directors do not expect any development in the Company's business in the coming year that is significantly different from its present activities.

#### *Principal risks and uncertainties and financial risk management*

The Company is part of the Marks and Spencer group of companies (the 'Group'). The directors of Marks and Spencer Group plc manage the Group's risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Marks and Spencer Investments business. The principal risks and uncertainties of Marks and Spencer Group plc which include those of the Company are discussed on pages 27 to 29 and 47 to 48 of the Group's annual report which does not form part of this report. Copies of the Marks and Spencer Group plc consolidated financial statements are available from the Company Secretary at Waterside House, 35 North Wharf Road, London, W2 1NW or are available on the website [www.marksandspencer.com/thecompany](http://www.marksandspencer.com/thecompany).

#### *Key performance indicators*

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on 16.12.16 and signed on its behalf by



Amanda Mellor  
Director

## **Marks and Spencer Investments**

### **Directors' Report for the Year Ended 2 April 2016**

The directors present their report and the unaudited financial statements for the year ended 2 April 2016

#### **Directors of the company**

The directors who held office during the period and up to the date of signing the financial statements were as follows

Joanna Hawkes (appointed 10 July 2015)

Amanda Mellor

Robert John Ivens (resigned 6 October 2016)

The following director was appointed after the period end

Verity Chase (appointed 6 October 2016)

#### **Principal activity**

The Company's principal activity is that of a financing vehicle on behalf of Marks and Spencer plc to enable Marks and Spencer plc to carry out its retailing activities. The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The directors do not expect any development in the Company's business in the coming year that is significantly different from its present activities of holding property.

Marks and Spencer Investments is an unlimited company incorporated and domiciled in England and Wales. The Company's registered office is Waterside House, 35 North Wharf Road, London, W2 1NW.

The financial statements are made up to the nearest Saturday to 31 March each year. The current financial year is the 53 weeks ended 2 April 2016 (the 'year'). The previous financial year is the 52 weeks ended 28 March 2015.

#### **Dividends**

The directors recommend a final dividend payment of £nil be made in respect of the financial period ended 2 April 2016 (last year £nil).

#### **Going concern**

In adopting the going concern basis for preparing the financial statements, the directors have considered the principal activities and principal risks and uncertainties relating to the Company. Based on the Company's current activities and future plans the directors are satisfied that the Company will be able to operate as a going concern for the foreseeable future. For this reason the directors consider it appropriate for the Company to adopt the going concern basis in preparing its financial statements.

#### **Directors' liabilities**

Marks and Spencer Group plc maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors and those directors of its subsidiaries companies. Indemnities have been granted to the Company's directors by Marks and Spencer Group plc to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 2 April 2016 and remain in force, in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors of the company.

## Marks and Spencer Investments

### Directors' Report for the Year Ended 2 April 2016 (continued)

#### *Statement of directors' responsibilities*

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 16/12/16 and signed on its behalf by

  
Amanda Mellor  
Director

## Marks and Spencer Investments

### Income Statement for the Year Ended 2 April 2016

	Note	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
Revenue	3	<u>1,262</u>	<u>1,188</u>
Profit before tax		1,262	1,188
Income tax expense	6	<u>(252)</u>	<u>(250)</u>
Profit for the year		<u>1,010</u>	<u>938</u>
Total comprehensive income		<u><u>1,010</u></u>	<u><u>938</u></u>

The above results were derived from continuing operations

## Marks and Spencer Investments

(Registration number: 04903061)

### Statement of Financial Position as at 2 April 2016

	Note	2016 £ 000	2015 £ 000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	9	158,551	157,568
Cash and cash equivalents	7	<u>1</u>	<u>1</u>
		<u>158,552</u>	<u>157,569</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	(2)	(2)
Share premium		(69,466)	(69,466)
Retained earnings		<u>(88,765)</u>	<u>(87,755)</u>
Total equity		<u>(158,233)</u>	<u>(157,223)</u>
<b>Current liabilities</b>			
Trade and other payables	9	(67)	(96)
Income tax liability		<u>(252)</u>	<u>(250)</u>
		<u>(319)</u>	<u>(346)</u>
Total equity and liabilities		<u>(158,552)</u>	<u>(157,569)</u>

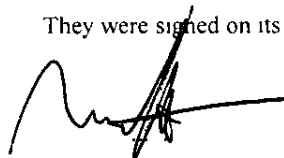
For the financial period ending 2 April 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

#### Directors' responsibilities

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements of the Company were approved by the Board and authorised for issue on 16.12.16

They were signed on its behalf by

  
Joanna Hawkes  
Director

## Marks and Spencer Investments

### Statement of Changes in Equity for the Year Ended 2 April 2016

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 29 March 2015	2	69,466	87,755	157,223
Profit for the year	-	-	1,010	1,010
At 2 April 2016	<u>2</u>	<u>69,466</u>	<u>88,765</u>	<u>158,233</u>
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 30 March 2014	2	69,466	86,817	156,285
Profit for the year	-	-	938	938
At 28 March 2015	<u>2</u>	<u>69,466</u>	<u>87,755</u>	<u>157,223</u>

## Marks and Spencer Investments

### Statement of Cash Flows for the Year Ended 2 April 2016

	Note	2016 £ 000	2015 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		1,010	938
Adjustments to cash flows from non-cash items			
Income tax expense	6	<u>252</u>	<u>250</u>
		1,262	1,188
Working capital adjustments			
Increase in intercompany receivables		(1,041)	(838)
Increase/(decrease) in intercompany payables		<u>29</u>	<u>(89)</u>
Cash generated from operations		250	261
Income taxes paid	6	<u>(250)</u>	<u>(261)</u>
Net cash flow from operating activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 29 March 2015		<u>1</u>	<u>1</u>
Cash and cash equivalents at 2 April 2016		<u><u>1</u></u>	<u><u>1</u></u>

The notes on pages 8 to 13 form an integral part of these financial statements



## Marks and Spencer Investments

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016

#### 1 Accounting policies

##### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company continues to adopt the going concern basis in preparing its financial statements. Refer to the Directors Report.

There have been no significant changes to accounting under IFRS which have affected the Company's results.

The following IFRS have been issued but are not yet effective:

- IFRS 16 'Leases' was issued on 13 January 2016 and is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The standard is yet to be endorsed by the EU. The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model, and as such requires lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. Accounting requirements for lessors are substantially unchanged from IAS 17. Given the principal activities of the Company, adoption of IFRS 16 is not expected to have a material impact on these financial statements.

- IFRS 9 'Financial Instruments' replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from 1 January 2018 and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology. Given the principal activities of the Company, adoption of IFRS 9 is not expected to have a material impact on these financial statements, and

- IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018 with early adoption permitted. The standard establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. It applies to all contracts with customers, except those in the scope of other standards. It replaces the separate models for goods, services and construction contracts under the current accounting standards. Given the principal activities of the Company, adoption of IFRS 15 is not expected to have a material impact on these financial statements.

A summary of the Company's significant accounting policies adopted is given below.

##### *Accounting convention*

The financial statements are drawn up on the historical cost basis of accounting except as disclosed in the accounting policies set out below. The Company's accounting policies have been consistently applied throughout the year.

##### **Revenue recognition**

Revenue represents interest receivable from a related party which is recognised on an accrual basis.

## **Marks and Spencer Investments**

### **Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)**

#### **1 Accounting policies (continued)**

##### *Taxation*

Tax expense comprises current tax only. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Share capital**

Ordinary shares are classified as equity.

##### **Financial assets and liabilities**

###### *Recognition and measurement*

Loans to other Group undertakings and all other receivables are non-derivative financial assets, initially recognised at fair value, then subsequently carried at amortised cost. All receivables from other Group undertakings are not considered to be overdue or impaired.

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. All payables to other Group undertakings are repayable on demand.

##### **Financial Risk Management**

###### *Interest rate risk*

The Company's exposure to interest rate fluctuations is limited to interest bearing loans to and from other Group undertakings where the interest rates are agreed with the Group company.

###### *Liquidity risk*

The Company's exposure to liquidity risk is managed by funding of cash flow requirements from the parent company.

###### *Credit risk*

The Company's exposure to credit risk is limited to amounts receivable from and payable to other Group undertakings.

###### *Fair Value estimation*

The fair values of receivables and payables are approximate to their book values.

###### *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide optimal returns for shareholders.

## **Marks and Spencer Investments**

### **Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements under IFRSs requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. There are no critical judgements within the accounts.

## Marks and Spencer Investments

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows

	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
Finance income	<u>1,262</u>	<u>1,188</u>

#### 4 Employee information

The Company had no employees during the year (last year none)

#### 5 Directors emoluments

No director received emoluments in respect of their services to the Company during the year (last year £nil)

#### 6 Income tax

Tax charged/(credited) in the income statement

	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>252</u>	<u>250</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 21%)

#### 7 Cash and cash equivalents

	2016 £ 000	2015 £ 000
Cash at bank	<u>1</u>	<u>1</u>

Cash at bank includes short term deposits with banks with an initial maturity of three months or less. The carrying amount of these assets approximates their fair-value.

## Marks and Spencer Investments

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

#### 8 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	1,562	1,562	1,562	1 562

#### 9 Related party transactions

##### Income and receivables from related parties

	Other related parties £ 000
<b>2016</b>	
Interest receivable from other Group undertaking	1,262
Amounts receivable from related party	167

	Other related parties £ 000
<b>2015</b>	
Interest receivable from other Group undertaking	1,188
Amounts receivable from related party	156

##### Expenditure with and payables to related parties

	Parent £ 000
<b>2016</b>	
Amounts payable to related party	67

	Parent £ 000
<b>2015</b>	
Amounts payable to related party	96

##### Loans to related parties

	Parent £ 000	Other related parties £ 000
<b>2016</b>		
At start of year	122,977	34 435
Repaid	(261)	-
Interest charged	716	517
At end of year	123,432	34,952

## Marks and Spencer Investments

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

#### 9 Related party transactions (continued)

2015	Parent £ 000	Other related parties £ 000
At start of period	122,650	33,926
Repaid	(340)	-
Interest charged	667	509
At end of period	<u>122,977</u>	<u>34,435</u>

#### Terms of loans to related parties

As at 2 April 2016 the £158,383,000 (last year £157,412,000) loans to other Group undertakings are interest bearing. The current accounts receivable of £167,000 (last year £156,000) and the current accounts payable of £67,000 (last year £96,000) are non interest bearing. Overall, the interest received during the year was £1,262,000 (last year £1,188,000). Interest rates are set within individual loan agreements. A 2% increase/decrease in the interest rate of the loans to other Group undertakings would result in a gain/loss of £3,148,000.

#### 10 Parent and ultimate parent undertaking

The immediate parent undertaking is Marks and Spencer (Nederland) B V.

The intermediate parent undertaking is Marks and Spencer plc which is the smallest group to consolidate these financial statements.

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 are available from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW or are available on the website [www.marksandspencer.com/thecompany](http://www.marksandspencer.com/thecompany).