

Registration number: 04903061

Marks and Spencer Investments

Annual Report and Unaudited Financial Statements

for the Year Ended 1 April 2017

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Marks and Spencer Investments

Strategic Report for the Year Ended 1 April 2017

The directors present their strategic report for the year ended 1 April 2017.

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.

Result for the year

The Company made a profit for the year after tax of £835,000 (last year profit £1,010,000).

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 30 to 33 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.

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. The key performance indicators of Marks and Spencer Group plc which include those of the Company are discussed on pages 18 to 21 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.

Approved by the Board on 12.12.2017 and signed on its behalf by:



.....
Amanda Mellor
Director

Marks and Spencer Investments

Directors' Report for the Year Ended 1 April 2017

The directors present their report and the unaudited financial statements for the year ended 1 April 2017.

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

Amanda Mellor

Verity Chase (appointed 6 October 2016)

Robert John Ivens (resigned 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 52 weeks ended 1 April 2017 (the 'year'). The previous financial year is the 53 weeks ended 2 April 2016.

Dividends

The directors recommend a final dividend payment of £nil be made in respect of the financial period ended 1 April 2017 (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 1 April 2017 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

Statement of directors' responsibilities

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

Marks and Spencer Investments

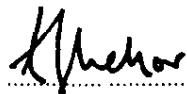
Directors' Report for the Year Ended 1 April 2017

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 12.12.2017 and signed on its behalf by:


.....
Amanda Mellor
Director

Marks and Spencer Investments

Income Statement for the Year Ended 1 April 2017

	Note	52 weeks ended 1 April 2017 £ 000	53 weeks ended 2 April 2016 £ 000
Revenue	3	<u>1,044</u>	<u>1,262</u>
Profit before tax		1,044	1,262
Income tax expense	6	<u>(209)</u>	<u>(252)</u>
Profit for the year		<u>835</u>	<u>1,010</u>
Total comprehensive income		<u><u>835</u></u>	<u><u>1,010</u></u>

The above results were derived from continuing operations.

Marks and Spencer Investments

(Registration number: 04903061)

Statement of Financial Position as at 1 April 2017

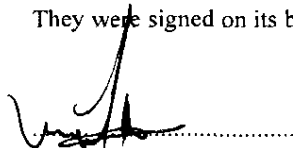
	Note	2017 £ 000	2016 £ 000
Assets			
Current assets			
Trade and other receivables	9	159,390	158,551
Cash and cash equivalents	7	-	1
		<u>159,390</u>	<u>158,552</u>
Equity and liabilities			
Equity			
Share capital	8	(2)	(2)
Share premium		(69,466)	(69,466)
Retained earnings		<u>(89,600)</u>	<u>(88,765)</u>
Total equity		<u>(159,068)</u>	<u>(158,233)</u>
Current liabilities			
Trade and other payables	9	(113)	(67)
Income tax liability		<u>(209)</u>	<u>(252)</u>
		<u>(322)</u>	<u>(319)</u>
Total equity and liabilities		<u>(159,390)</u>	<u>(158,552)</u>

For the financial period ending 1 April 2017 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 12.12.2017
They were signed on its behalf by:


Joanna Hawkes
Director

Marks and Spencer Investments

Statement of Changes in Equity for the Year Ended 1 April 2017

	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 3 April 2016	2	69,466	88,765	158,233
Profit for the year	-	-	835	835
At 1 April 2017	<u>2</u>	<u>69,466</u>	<u>89,600</u>	<u>159,068</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Marks and Spencer Investments

Statement of Cash Flows for the Year Ended 1 April 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Profit for the period		835	1,010
Adjustments to cash flows from non-cash items			
Income tax expense	6	<u>209</u>	<u>252</u>
		1,044	1,262
Working capital adjustments			
Increase in trade and other receivables		(839)	(983)
Increase/(decrease) in trade and other payables		<u>46</u>	<u>(29)</u>
Cash generated from operations		251	250
Income taxes paid	6	<u>(252)</u>	<u>(250)</u>
Net cash flow from operating activities		<u>(1)</u>	<u>-</u>
Net decrease in cash and cash equivalents		(1)	-
Cash and cash equivalents at 3 April		<u>1</u>	<u>1</u>
Cash and cash equivalents at 1 April		<u><u>-</u></u>	<u><u>1</u></u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Marks and Spencer Investments

Notes to the Unaudited Financial Statements for the Year Ended 1 April 2017

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 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. The standard may also require the capitalisation of a lease element of contracts held by the Group which under the existing accounting standard would not be considered a lease. Accounting requirements for lessors are substantially unchanged from IAS 17. Due to the nature of the Company and its activities the adoption of IFRS 16 will not have a material impact for the Company.

- 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 entities risk management methodology.

An assessment of the impact of the new recognition, impairment and general hedge accounting requirements has been undertaken and we expect new processes and changes to existing IT systems may be required to aid the Group's implementation of the standard. The adoption of IFRS 9 is unlikely to have a material impact on the results of the Company.

- 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. Due to the nature of the Company and its activities the adoption of IFRS 15 will not have a material for the Company.

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 1 April 2017

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.

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.

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 1 April 2017

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements under IFRS 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.

3 Revenue

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

	52 weeks ended 1 April 2017 £ 000	53 weeks ended 2 April 2016 £ 000
Finance income	<u>1,044</u>	<u>1,262</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

	52 weeks ended 1 April 2017 £ 000	53 weeks ended 2 April 2016 £ 000
Current taxation		
UK corporation tax	<u>209</u>	<u>252</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

Marks and Spencer Investments

Notes to the Unaudited Financial Statements for the Year Ended 1 April 2017

7 Cash and cash equivalents

	2017 £ 000	2016 £ 000
Cash at bank	<u>-</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

8 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,562</u>	<u>1,562</u>	<u>1,562</u>	<u>1,562</u>

9 Related party transactions

Income and receivables from related parties

	Parent £ 000
2017	
Interest receivable from other Group undertaking	1,044
Amounts receivable from related party	<u>112</u>
	Other related parties £ 000
2016	
Interest receivable from other Group undertaking	1,262
Amounts receivable from related party	<u>167</u>

Expenditure with and payables to related parties

	Parent £ 000
2017	
Amounts payable to related party	<u>113</u>
	Parent £ 000
2016	
Amounts payable to related party	<u>67</u>

Marks and Spencer Investments

Notes to the Unaudited Financial Statements for the Year Ended 1 April 2017

Loans to related parties

	Parent £ 000	Other related parties £ 000
2017		
At start of year	123,432	34,952
Repaid	(250)	-
Interest charged	648	495
At end of year	<u>123,830</u>	<u>35,447</u>
	Parent £ 000	Other related parties £ 000
2016		
At start of period	122,977	34,435
Repaid	(261)	-
Interest charged	716	517
At end of period	<u>123,432</u>	<u>34,952</u>

Terms of loans to related parties

As at 1 April 2017 the £159,277,000 (last year £158,384,000) loans to other Group undertakings are interest bearing

The current accounts receivable of £112,000 (last year £167,000) and the current accounts payable of £113,000 (last year £67,000) are non interest bearing. Overall, the interest received during the year was £1,044,000 (last year £1,262,000). Interest rates are set within individual loan agreements.

A 2% increase/decrease in the interest rate of the loans to other Group undertakings would results in a gain/loss of £3,186,000.

10 Parent and ultimate parent undertaking

The Company's immediate parent is Marks and Spencer (Nederland) B.V..

The most senior parent entity producing publicly available financial statements is Marks and Spencer Group plc. These financial statements are available upon request from the Company Secretary or are available on the website www.marksandspencer.com/thecompany

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Marks and Spencer Group plc, incorporated in the United Kingdom.

The address of Marks and Spencer Group plc is:
Waterside House, 35 North Wharf Road, London W2 1NW

The parent of the smallest group in which these financial statements are consolidated is Marks and Spencer (Nederland) B.V., incorporated in Netherlands.

The address of Marks and Spencer (Nederland) B.V. is:
Prins Bernhardplein 200, 1097 JB , Amsterdam, Netherlands