

Marks and Spencer 2005
(Culverhouse Cross Store) Limited

Report and Financial Statements

For the year ended 31 March 2007

Registered Number 05502547

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Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Report and financial statements
Year ended 31 March 2007

Report of the Directors

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2007

Principal activities

The Company's principal activity is property investment. 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.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited is incorporated and domiciled in England and Wales. The Company's registered office is Waterside House, 35 North Wharf Road, London W2 1NW.

Results and dividends

The Company made a loss after taxation of £134,000 (last period a profit of £292,000) during the year. The directors do not recommend the payment of a dividend (last period £nil).

Directors

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

GJ Oakley
I Dyson

Principal risks and uncertainties

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 Marks and Spencer 2005 (Culverhouse Cross Store) Limited business. The principal risks and uncertainties of Marks and Spencer Group plc which include those of the Company are discussed on pages 39 to 41 of the Group's annual report which does not form part of this report. Copies of the Marks and Spencer Group plc annual report 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.

Key performance indicators

Given the straight forward 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.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Report and financial statements
Year ended 31 March 2007

Report of the Directors continued

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 International Financial Reporting Standards (IFRS) as adopted by the European Union, 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 year

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 and estimates. They are also responsible for preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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 that 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 1985. They also ensure that there are sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements

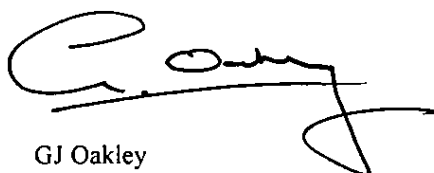
Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The Company has passed resolutions under sections 252, 366A and 386 of the Companies Act 1985 dispensing with the requirements to lay accounts and reports before the Company in general meeting, hold annual general meetings and reappoint auditors annually

By Order of the Board

A handwritten signature in black ink, appearing to read 'GJ Oakley', with a long horizontal line extending to the right.

GJ Oakley
Director
19 September 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARKS AND SPENCER 2005 (CULVERHOUSE CROSS STORE) LIMITED

We have audited the financial statements of Marks and Spencer 2005 (Culverhouse Cross Store) Limited for the year ended 31 March 2007 which comprise the Income statement, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
20 September 2007

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Income statement

		52 weeks ended 31 March 2007	39 weeks ended 1 April 2006
	Notes	£000	£000
Revenue	2	2,090	1,453
Cost of sales		(181)	(90)
Gross profit		1,909	1,363
Administrative expenses		(2)	(2)
Other expenses - loss on property disposals		(518)	-
Operating profit		1,389	1,361
Interest payable to Group undertakings		(1,281)	(905)
Profit on ordinary activities before taxation	4	108	456
Income tax expense	5	(242)	(164)
(Loss) / profit for the year attributable to shareholders	9	(134)	292

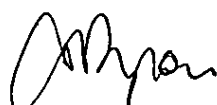
The Company has no recognised gains or losses other than those included in the income statement and therefore no separate statement of recognised income and expense has been presented

The notes on pages 6 to 11 are an integral part of these financial statements

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Balance sheet

	Notes	31 March 2007 £000	1 April 2006 £000
ASSETS			
Non-current assets			
Property, plant and equipment	6	29,251	29,924
Total assets		29,251	29,924
LIABILITIES			
Current liabilities			
Current tax liabilities		(406)	(164)
Amounts owed to Group undertakings		(770)	(737)
		(1,176)	(901)
Non-current liabilities			
Amounts owed to Group undertakings		(21,379)	(22,193)
Total liabilities		(22,555)	(23,094)
Net assets		6,696	6,830
EQUITY			
Called up share capital	8,9	10	10
Share premium	9	6,528	6,528
Retained earnings	9	158	292
Total shareholders' equity	9	6,696	6,830

The Board of Directors approved the financial statements and related notes on pages 4 to 11 on 19 September 2007 and they were signed on its behalf by



I Dyson
Director

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS

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

Revenue

Revenue represents rent receivable from a fellow Group undertaking which is recognised on an accruals basis

Cost of sales

Cost of sales represents depreciation of tangible non-current assets

Taxation

The tax charge comprises current tax payable and deferred tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised

Property, plant and equipment

Property, plant and equipment is held at historic cost less accumulated depreciation. Depreciation is provided to write off the cost of tangible non-current assets, less estimated residual values, by equal annual instalments as follows

- freehold land not depreciated,
- freehold and leasehold buildings with a remaining lease term over 50 years depreciated to their residual value over their estimated remaining economic lives,
- leasehold buildings with a remaining lease term of less than 50 years over the remaining period of the lease,
- fit-out 10-25 years according to the estimated life of the asset, and
- fixtures, fittings and equipment 3-15 years according to the estimated life of the asset

Residual values and useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal. Any impairment in value is charged to the income statement

Critical accounting estimates and judgments

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 judgments 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. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

1 ACCOUNTING POLICIES continued

A Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review of impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

B Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these estimated lives requires the exercise of management judgment.

Share Capital

Ordinary shares are classified as equity.

Cash flow statement

There were no cash movements for Marks and Spencer 2005 (Culverhouse Cross Store) Limited as all transactions are settled using intercompany loans and current accounts and therefore no cash flow statement is presented in these accounts. Refer to note 7 for details of non-cash movements.

2 REVENUE

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
Rental income from Group undertaking	2,090	1,453

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Company had no employees during the year (last period nil). No director received emoluments in respect of their services to the Company during the year (last period £nil).

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation	181	90
Auditors' remuneration for audit services	2	2

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

5 INCOME TAX EXPENSE

A Taxation charge

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
UK Corporation tax at 30%		
- current year	242	164
Total income tax expense	242	164

B Taxation reconciliation

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
Profit before tax	108	456
Taxation at standard UK rate of 30% (last year 30%)	32	137
Tangible non-current asset depreciation and charges	55	27
Other income and expenses not taxable or deductible	155	-
Total income tax expense	242	164

The effective tax rate is 224 1% (last year 36%)

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £000	Fit out, fixtures and fittings £000	Total £000
At 7 July 2005			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book value	-	-	-
Year ended 1 April 2006			
Opening net book value	-	-	-
Additions	28,200	1,814	30,014
Depreciation charge	(15)	(75)	(90)
Closing net book value	28,185	1,739	29,924
At 1 April 2006			
Cost	28,200	1,814	30,014
Accumulated depreciation	(15)	(75)	(90)
Net book value	28,185	1,739	29,924
Year ended 31 March 2007			
Opening net book value	28,185	1,739	29,924
Additions	26	-	26
Disposals	-	(518)	(518)
Depreciation charge	(30)	(151)	(181)
Closing net book value	28,181	1,070	29,251
At 31 March 2007			
Cost	28,226	1,223	29,449
Accumulated depreciation	(45)	(153)	(198)
Net book value	28,181	1,070	29,251

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

7 NON-CASH MOVEMENTS

The Company does not have a bank account. All transactions are settled using intercompany loans and current accounts. The movements for the year comprise the following:

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
Operating activities		
Purchase of property, plant & equipment	(26)	(30,014)
Audit fee	(2)	(2)
Rent received	2,090	1,453
Total operating activities	2,062	(28,563)
Financing activities		
Interest paid	(1,281)	(905)
Share capital	-	10
Share premium	-	6,528
Total financing activities	(1,281)	5,633
Total non-cash movements	781	(22,930)

The tax liability is paid by another Group undertaking and settled using intercompany accounts.

8 SHARE CAPITAL

	2007 £000	2006 £000
Authorised, allotted, called up and fully paid		
10,000 ordinary shares of £1	10	10

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 31 March 2007

9 STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 7 July 2005	-	-	-	-
Shares issued during the year	10	6,528	-	6,538
Profit for the year attributable to shareholders	-	-	292	292
At 1 April 2006	10	6,528	292	6,830
At 2 April 2006	10	6,528	292	6,830
Loss for the year attributable to shareholders	-	-	(134)	(134)
At 31 March 2007	10	6,528	158	6,696

10 RELATED PARTY DISCLOSURES

During the year, the Company had the following related party transactions

	52 weeks ended 31 March 2007 £000	39 weeks ended 1 April 2006 £000
Transactions		
Rental income from Group undertakings	2,090	1,453
Interest payable to Group undertakings	(1,281)	(905)
	2007 £000	2006 £000
Balances		
Loans from Group undertakings	(21,379)	(22,193)
Current account payable to Group undertakings	(771)	(737)

The company purchased fixed assets with a cost of £26,000 (last period £30,014,000) from a Group undertaking. There were no other transactions with related parties.

11 ULTIMATE PARENT COMPANY

The immediate 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.