

**Marks and Spencer 2005
(Culverhouse Cross Store) Limited**

Report and Financial Statements

For the year ended 28 March 2009

Registered Number 05502547

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Marks and Spencer 2005 (Culverhouse Cross Store) Limited

Report and financial statements

Year ended 28 March 2009

Report of the Directors

The directors present their report and the audited financial statements of the Company for the year ended 28 March 2009.

Principal activities, review of business and future developments

The Company's principal activity was property investment. Last year the Company disposed of most of its property portfolio. Following the sale of its property portfolio the Company became a financing vehicle for the Marks and Spencer Group. 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 a financing vehicle.

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. The Company is part of the Marks & Spencer group of companies (the Group).

Results and dividends

The Company made a profit after taxation of £88,000 (last year £6,699,000 restated) during the year. The directors do not recommend the payment of a dividend (last year £nil).

Directors

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

GJ Oakley	resigned 1 September 2009
I Dyson	
A Mellor	appointed 30 July 2009

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 the 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 56 and 57 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 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.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Report and financial statements
Year ended 28 March 2009

Report of the Directors continued

Directors' responsibilities for preparing the financial statements

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state that the financial statements comply with IFRSs as adopted by the European Union.

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

The directors are responsible for keeping proper 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 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.

Indemnity provision

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 subsidiary 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 236 of the Companies Act 2006) were in force during the year ended 28 March 2009 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 disclosure of information to auditors

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.

Independent auditors

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

On behalf of the Board



A Mellor
Director
9 September 2009

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
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 28 March 2009 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 28 March 2009 and of its profit 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

9 September 2009

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

		52 weeks ended 28 March 2009	52 weeks ended 29 March 2008
	Notes	£000	£000
Revenue	2	1,968	2,087
Cost of sales		(285)	(272)
Gross profit		1,683	1,815
Other income - profit on property disposals	11	-	6,565
Operating profit		1,683	8,380
Interest payable to another Group undertaking		(1,450)	(1,508)
Profit before taxation	4	233	6,872
Income tax expense	5	(145)	(173)
Profit for the year attributable to equity holders of the company	10	88	6,699

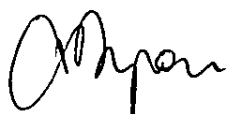
The Company has no recognised gains or losses other than those included in the income statement and therefore no separate statement of recognised income and expense has been presented.

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

	Notes	As at 28 March 2009 £000	As at 29 March 2008 £000
ASSETS			
Non-current assets			
Property, plant and equipment	6	977	1,262
Amounts owed by another Group undertaking	11	36,783	34,815
Total assets		37,760	36,077
LIABILITIES			
Current liabilities			
Current tax liabilities		(145)	(173)
Amounts owed to another Group undertaking	11	(23,699)	(22,076)
		(23,844)	(22,249)
Non-current liabilities			
Deferred tax liabilities	7	-	-
Total liabilities		(23,844)	(22,249)
Net assets		13,916	13,828
EQUITY			
Called up share capital	9, 10	10	10
Share premium	10	6,528	6,528
Retained earnings	10	7,378	7,290
Total equity	10	13,916	13,828

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The financial statements on pages 4 to 13 were approved by the Board of Directors and authorised for issue on 9 September 2009.



I Dyson
 Director

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

1 ACCOUNTING POLICIES

Basis of preparation

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

The following IFRSs, IFRIC interpretations and amendments have been issued but are not yet effective and have not been early adopted by the Company:

IAS 1 Revised - 'Presentation of Financial Statements' was issued in September 2007. It revises the format of the primary statements. It is required to be implemented by the Company from 29 March 2009 and will have no impact on the results or net assets of the Company but may impact disclosures.

The International Accounting Standards Board's (IASB's) annual improvements project was published in May 2008 and is effective from 29 March 2009. The project makes minor amendments to a number of standards on topics including investments in associates, intangible assets, borrowing costs and impairment of assets.

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 and interest receivable from another Group undertaking which is recognised on an accruals basis.

Cost of sales

Cost of sales represents depreciation of property, plant and equipment.

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.

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 8 for details of non-cash movements.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

1 ACCOUNTING POLICIES continued

Property, plant and equipment

The policy is to state property, plant and equipment at cost less accumulated depreciation and any recognised impairment loss.

A. Land and buildings; the policy is not to revalue property for accounting purposes.

B. Depreciation; this is provided to write off the cost of property, plant and equipment, less estimated residual values, by equal annual instalments as follows:

- freehold land - not depreciated;
- freehold buildings - depreciated to their residual value over their estimated remaining economic lives;
- fixtures, fittings and equipment - 3 to 25 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.

Financial instruments

Financial assets

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.

Financial liabilities

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 has limited exposure to interest rate fluctuations as interest rates on interest-bearing loans to and from other Group undertakings are agreed with the Group company and have not historically fluctuated significantly. Therefore a sensitivity analysis is not deemed necessary and has not been presented.

Liquidity risk

The Company's exposure to liquidity risk is managed by funding 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.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

1 ACCOUNTING POLICIES continued

Critical accounting estimates and judgments

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 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. There are no critical judgments within the accounts.

A Impairment of plant and equipment

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 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.

2 REVENUE

	52 weeks ended 28 March 2009 £000	52 weeks ended 29 March 2008 £000
Rental income	-	1,987
Interest income	1,968	100
	1,968	2,087

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Company had no employees during the year (last year none). No director received emoluments in respect of their services to the Company during the year (last year £nil).

4 PROFIT BEFORE TAXATION

	52 weeks ended 28 March 2009 £000	52 weeks ended 29 March 2008 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	285	272

Auditors' remuneration of £3,000 (last year £3,000) in respect of the Company's annual audit has been borne by Marks and Spencer plc in the current and prior years.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

5 INCOME TAX EXPENSE

A Taxation charge

	52 weeks ended 28 March 2009 £000	52 weeks ended 29 March 2008 £000
UK Corporation tax at 28% (last year 30%)		
- current year	145	173
Total current taxation	145	173
Deferred taxation		
- prior year	-	-
Total deferred taxation	-	-
Total income tax expense	145	173

B Taxation reconciliation

The tax on the company's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	52 weeks ended 28 March 2009 £000	52 weeks ended 29 March 2008 £000
Profit before taxation	233	6,872
Taxation at standard UK rate of 28% (last year 30%)	65	2,062
Expenses not deductible for tax purposes	80	81
Profit on disposal of fixed assets and investments	(2,768)	-
Other income and expenses not taxable or deductible	2,768	-
Adjustments made in respect of prior years	-	(1,970)
Total income tax expense	145	173

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £000	Fixtures, fittings and equipment £000	Total £000
At 1 April 2007			
Cost	28,226	1,656	29,882
Accumulated depreciation	(45)	(153)	(198)
Net book value	28,181	1,503	29,684
Year ended 29 March 2008			
Opening net book value	28,181	1,503	29,684
Disposals	(28,150)	-	(28,150)
Depreciation charge	(31)	(241)	(272)
Closing net book value	-	1,262	1,262
At 29 March 2008			
Cost	-	1,656	1,656
Accumulated depreciation	-	(394)	(394)
Net book value	-	1,262	1,262
Year ended 28 March 2009			
Opening net book value	-	1,262	1,262
Depreciation charge	-	(285)	(285)
Closing net book value	-	977	977
At 28 March 2009			
Cost	-	1,656	1,656
Accumulated depreciation	-	(679)	(679)
Net book value	-	977	977

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

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 28 March 2009 £000	52 weeks ended 29 March 2008 £000
Profit before taxation	233	6,872
Interest payable to another Group undertaking	1,450	1,508
Operating profit	1,683	8,380
Profit on property disposals	-	(6,565)
Depreciation	285	272
Funds generated from operations	1,968	2,087
Funds from operating activities		
Interest paid	(1,450)	(1,508)
Tax paid	(173)	(406)
Net funds generated from operating activities	345	173
Funds from investing activities		
Proceeds from sale of property, plant and equipment	-	34,715
Net funds generated from investing activities	-	34,715
Net movement in intercompany balances	345	34,888

In the current and prior years the tax was paid by another Group undertaking and settled using intercompany accounts.

8 SHARE CAPITAL

	As at 28 March 2009 £000	As at 28 March 2008 £000
Authorised, issued, 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 28 March 2009

10 STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 1 April 2007	10	6,528	591	7,129
Profit for the year	-	-	6,699	6,699
At 29 March 2008	10	6,528	7,290	13,828
At 30 March 2008	10	6,528	7,290	13,828
Profit for the year	-	-	88	88
At 28 March 2009	10	6,528	7,378	13,916

11 RELATED PARTY DISCLOSURES

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

	52 weeks ended 28 March 2009 £000	52 weeks ended 29 March 2008 £000
Transactions:		
Rental income from another Group undertaking	-	1,987
Interest receivable from another Group undertaking	1,968	100
Interest payable to another Group undertaking	(1,450)	(1,508)
Sale of property, plant and equipment	-	34,715
	As at 28 March 2009 £000	As at 29 March 2008 £000
Balances:		
Loan to another Group undertaking	36,637	34,715
Loan from another Group undertaking	(23,329)	(21,835)
Current account receivable from another Group undertaking	146	100
Current account payable to another Group undertaking	(370)	(241)

Last year the Company sold fixed assets with a carrying value of £28,150,000 to another Group undertaking for the consideration of £34,715,000 which resulted in a profit of £6,565,000. Refer to note 8 for other amounts settled through intercompany accounts.

As at 28 March 2009 the £36,637,000 (last year £34,715,000) loan to another Group undertaking is interest bearing. The current accounts receivable of £146,000 (last year £100,000) are non interest bearing. Overall the interest received during the year was £1,968,000 (last year £100,000). As at 28 March 2009 the £23,329,000 (last year £21,835,000) loan from another Group undertaking is interest bearing. The current accounts payable of £370,000 (last year £241,000) are non interest bearing. Overall the interest paid during the year was £1,450,000 (last year £1,508,000). Interest rates are set within individual intercompany loan agreements; however, they are approximately in line with LIBOR.

Marks and Spencer 2005 (Culverhouse Cross Store) Limited
Notes to the financial statements
Year ended 28 March 2009

12 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.