

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

**Report and Financial Statements**

**For the year ended 31 March 2012**

**Registered Number 05502547**



**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Report and financial statements**  
**For the year ended 31 March 2012**

**Report of the Directors**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2012

**Principal activities, review of business and future developments**

The Company's principal activity is that of a financing vehicle. 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').

The financial statements are made up to the nearest Saturday to 31 March each year. The current financial year is the 52 weeks ended 31 March 2012 (the 'year').

**Results and dividends**

The Company made a loss after tax of £19,000 (last year £201,000) 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:

A Stewart  
A Mellor

**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 45 to 48 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/the-company](http://www.marksandspencer.com/the-company).

**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**  
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**Report of the Directors** continued

**Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors 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. 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 then 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.

**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 234 of the Companies Act 2006) were in force during the year ended 31 March 2012 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

4 September 2012

## **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 52 weeks ended 31 March 2012 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

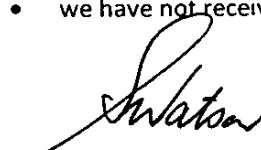
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stuart Watson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
5 September 2012

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Statement of comprehensive income**

		<b>52 weeks ended 31 March 2012 £000</b>	<b>52 weeks ended 2 April 2011 £000</b>
	<b>Notes</b>		
Revenue	2	706	590
Cost of sales		(144)	(285)
<b>Operating profit</b>		<b>562</b>	<b>305</b>
Finance costs		(537)	(473)
<b>Profit/(loss) before tax</b>	4	<b>25</b>	<b>(168)</b>
Income tax expense	5	(44)	(33)
<b>Loss and total comprehensive income for the year attributable to owners of the Company</b>		<b>(19)</b>	<b>(201)</b>

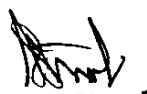
The Company has no recognised gains or losses other than those included in the Statement of comprehensive income and therefore no separate Statement of other comprehensive income has been presented

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Registered Number 05502547**

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Statement of financial position**

	Notes	As at 31 March 2012 £000	As at 2 April 2011 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	263	407
<b>Current assets</b>			
Amounts owed by another Group undertaking	9	38,895	38,189
<b>Total assets</b>		<b>39,158</b>	<b>38,596</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax liabilities		(44)	(33)
Amounts owed to another Group undertaking	9	(25,475)	(24,905)
<b>Total liabilities</b>		<b>(25,519)</b>	<b>(24,938)</b>
<b>Net assets</b>		<b>13,639</b>	<b>13,658</b>
<b>EQUITY</b>			
Issued share capital	8	10	10
Share premium		6,528	6,528
Retained earnings		7,101	7,120
<b>Total equity</b>		<b>13,639</b>	<b>13,658</b>

The financial statements on pages 4 to 12 were approved by the Board of Directors and authorised for issue on 4 September 2012



A Stewart  
Director

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Statement of changes in equity**

	Issued share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 4 April 2010	10	6,528	7,321	13,859
Loss for the year	-	-	(201)	(201)
At 2 April 2011	10	6,528	7,120	13,658
At 3 April 2011	10	6,528	7,120	13,658
Loss for the year	-	-	(19)	(19)
At 31 March 2012	10	6,528	7,101	13,639

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2012**

**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) 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

There are no IFRS or IFRS IC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Company

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 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**

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

**Share capital**

Ordinary shares are classified as equity

**Statement of cash flows**

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 Statement of cash flows is presented in these accounts. Refer to note 7 for details of non-cash movements

**Property, plant and equipment**

The policy is to state property, plant and equipment at cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy

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

- 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



**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Notes to the financial statements**  
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**1 ACCOUNTING POLICIES** continued

**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'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. Please refer to note 9 for details of the impact of a change in interest rates.

**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 in order to provide optimal returns for shareholders.

**Critical accounting estimates and judgements**

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. 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 judgements within the accounts.

**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 the estimated useful lives as set out above. The selection of these estimated lives requires the exercise of management judgement.

**2 REVENUE**

	52 weeks ended 31 March 2012	52 weeks ended 2 April 2011
	£000	£000
Finance income	706	590

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
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**For the year ended 31 March 2012**

**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/(LOSS) BEFORE TAX**

	52 weeks ended 31 March 2012 £000	52 weeks ended 2 April 2011 £000
Profit/(loss) before tax is stated after charging		
Depreciation	144	285

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

**5 INCOME TAX EXPENSE**

**A Tax charge**

	52 weeks ended 31 March 2012 £000	52 weeks ended 2 April 2011 £000
UK Corporation tax at 26% (last year 28%)		
- current year	44	33
<b>Total income tax expense</b>	<b>44</b>	<b>33</b>

On 21 March 2012, the Chancellor of the Exchequer announced the main rate of corporation tax will reduce from 26% to 24% from 1 April 2012. This change of rate became substantively enacted for the purposes of IAS 12 "Income Taxes" on 26 March 2012 when the House of Commons passed a resolution in respect of it under the provisional Collection of Taxes Act 1968. This change has no impact in the financial statements of the Company for this period.

The Chancellor further stated his intention to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 and a further 1% reduction to 22% from 1 April 2014. These changes have not been substantively enacted at the date of the Statement of financial position.

**B Tax reconciliation**

The tax on the Company's profit/(loss) before tax differs from the amount that would arise by applying the current UK tax rate to profits/(losses) of the Company as follows:

	52 weeks ended 31 March 2012 £000	52 weeks ended 2 April 2011 £000
Profit/(loss) before tax	25	(168)
Tax at standard UK rate of 26% (last year 28%)	7	(47)
Expenses not deductible for tax purposes	37	80
<b>Total income tax expense</b>	<b>44</b>	<b>33</b>

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Notes to the financial statements**  
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**6 PROPERTY, PLANT AND EQUIPMENT**

	<b>Fixtures, fittings and equipment £000</b>	<b>Total £000</b>
<b>At 3 April 2010</b>		
Cost	1,656	1,656
Accumulated depreciation	(964)	(964)
<b>Net book value</b>	<b>692</b>	<b>692</b>
<b>Year ended 2 April 2011</b>		
Opening net book value	692	692
Depreciation charge	(285)	(285)
<b>Closing net book value</b>	<b>407</b>	<b>407</b>
<b>At 2 April 2011</b>		
Cost	1,656	1,656
Accumulated depreciation	(1,249)	(1,249)
<b>Net book value</b>	<b>407</b>	<b>407</b>
<b>Year ended 31 March 2012</b>		
Opening net book value	407	407
Depreciation charge	(144)	(144)
<b>Closing net book value</b>	<b>263</b>	<b>263</b>
<b>At 31 March 2012</b>		
Cost	1,656	1,656
Accumulated depreciation	(1,393)	(1,393)
<b>Net book value</b>	<b>263</b>	<b>263</b>

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2012**

**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 2012 £000	52 weeks ended 2 April 2011 £000
<b>Profit/(loss) before tax</b>	<b>25</b>	<b>(168)</b>
Finance costs	537	473
<b>Operating profit</b>	<b>562</b>	<b>305</b>
Depreciation	144	285
<b>Funds generated from operations</b>	<b>706</b>	<b>590</b>
<b>Funds from operating activities</b>		
Tax paid	(33)	(89)
<b>Net funds generated from operating activities</b>	<b>673</b>	<b>501</b>
<b>Funds from financing activities</b>		
Interest paid	(537)	(473)
<b>Net funds generated from financing activities</b>	<b>(537)</b>	<b>(473)</b>
<b>Net movement in intercompany balances</b>	<b>136</b>	<b>28</b>

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

**8 ISSUED SHARE CAPITAL**

	As at 31 March 2012 £000	As at 2 April 2011 £000
Issued and fully paid		
10,000 ordinary shares of £1	10	10

**Marks and Spencer 2005 (Culverhouse Cross Store) Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2012**

**9 RELATED PARTY DISCLOSURES**

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

	<b>52 weeks ended 31 March 2012 £000</b>	<b>52 weeks ended 2 April 2011 £000</b>
<b>Transactions</b>		
Interest receivable from another Group undertaking	<b>706</b>	<b>590</b>
Interest payable to another Group undertaking	<b>(537)</b>	<b>(473)</b>
	<b>As at 31 March 2012 £000</b>	<b>As at 2 April 2011 £000</b>
<b>Balances</b>		
Loans to another Group undertaking	<b>38,843</b>	<b>38,145</b>
Loans from another Group undertaking	<b>(25,339)</b>	<b>(24,729)</b>
Current accounts receivable from another Group undertaking	<b>52</b>	<b>44</b>
Current accounts payable to another Group undertaking	<b>(136)</b>	<b>(176)</b>

Refer to Note 7 for details of other amounts settled using intercompany accounts

As at 2 April 2011 the £38,843,000 (last year £38,145,000) loan to another Group undertaking and the £25,339,000 (last year £24,729,000) loan from another Group undertaking are interest bearing. The current accounts receivable of £52,000 (last year £44,000) and the current accounts payable of £136,000 (last year £176,000) are non interest bearing. Overall, the interest received during the year was £706,000 (last year £590,000) and the interest paid during the year was £537,000 (last year £473,000). Interest rates are set within individual intercompany loan agreements, however, they are approximately in line with LIBOR. A 2% increase/decrease in the interest rate of the loan to another Group undertaking would result in a gain/loss of £777,000 in the Statement of comprehensive income, before tax. A 2% increase/decrease in the interest rate of the loan from another Group undertaking would result in a loss/gain of £507,000 in the Statement of comprehensive income, before tax.

**10 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 or are available on the website [www.marksandspencer.com/the-company](http://www.marksandspencer.com/the-company)