

Registration number: 05502582

# Marks and Spencer (Property Investments) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 1 April 2023



## **Marks and Spencer (Property Investments) Limited**

### **Directors' Report for the Year Ended 1 April 2023**

The directors present their report and the unaudited financial statements unaudited financial statements for the year ended 1 April 2023.

#### **Directors' of the Company**

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

Nick Folland (resigned 27 October 2023)

Adam Dobbs (resigned 27 October 2023)

Andrew Turton (resigned 27 October 2023)

The following directors were appointed after the year end:

Emma Harris (appointed 27 October 2023)

Robert Lyons (appointed 27 October 2023)

William Smith (appointed 27 October 2023)

#### **Principal activity**

The Company's principal activity is holding property 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 (Property Investments) Limited is a limited 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 2023 (the 'year').

#### **Strategic report**

Exemption has been taken from preparing a strategic report in line with S414b of the Companies Act 2006.

#### **Dividends**

The directors recommend a final dividend payment of £Nil (last year £Nil) be made in respect of the financial year ended 1 April 2023.

#### **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, financial position and future plans the directors are satisfied that the Company will be able to operate as a going concern for at least the next 12 months from the approval of these financial statements. 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 2023 and remain in force, in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors of the Company.

## **Marks and Spencer (Property Investments) Limited**

### **Directors' Report for the Year Ended 1 April 2023**

#### **Statement of directors' responsibilities**

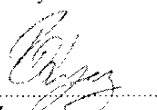
The directors are responsible for preparing the Annual Report and the unaudited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have are required to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the UK. 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 UK 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 20 December 2023 and signed on its behalf by:

  
.....  
Robert Lyons  
Director

## Marks and Spencer (Property Investments) Limited

### Income Statement for the the Year Ended 1 April 2023

		52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
	Note		
Revenue	3	1,820	1,820
Cost of sales		<u>(1,589)</u>	<u>(1,716)</u>
Operating profit	6	231	104
Finance costs	7	<u>(646)</u>	<u>(263)</u>
Loss before tax		(415)	(159)
Income tax expense	8	<u>(223)</u>	<u>(297)</u>
Loss for the period		<u><u>(638)</u></u>	<u><u>(456)</u></u>

The above results were derived from continuing operations.

**Marks and Spencer (Property Investments) Limited**

**(Registration number: 05502582)**

**Statement of Financial Position as at 1 April 2023**

	Note	As at 1 April 2023 £ 000	As at 2 April 2022 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	10,386	11,514
Intangible assets	10	<u>4,985</u>	<u>5,446</u>
		15,371	16,960
<b>Current assets</b>			
Trade and other receivables	13	<u>731</u>	<u>1,155</u>
Total assets		<u>16,102</u>	<u>18,115</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	(15,000)	(15,000)
Retained earnings		<u>19,547</u>	<u>18,909</u>
Total equity		<u>4,547</u>	<u>3,909</u>
<b>Current liabilities</b>			
Trade and other payables	13	(20,426)	(21,728)
Income tax liability		<u>(223)</u>	<u>(296)</u>
		<u>(20,649)</u>	<u>(22,024)</u>
Total equity and liabilities		<u>(16,102)</u>	<u>(18,115)</u>

For the financial year ended 1 April 2023 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 period 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 20 December 2023.

They were signed on its behalf by:



.....  
Emma Harris  
Director

The notes on pages 6 to 15 form an integral part of these financial statements.  
Page 4

**Marks and Spencer (Property Investments) Limited**

**Statement of Changes in Equity for the Year Ended 1 April 2023**

	<b>Share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 4 April 2021	15,000	(18,453)	(3,453)
Loss for the period	-	(456)	(456)
Total comprehensive income	-	(456)	(456)
At 2 April 2022	15,000	(18,909)	(3,909)
	<b>Share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 3 April 2022	15,000	(18,909)	(3,909)
Loss for the period	-	(638)	(638)
Total comprehensive income	-	(638)	(638)
At 1 April 2023	15,000	(19,547)	(4,547)

The notes on pages 6 to 15 form an integral part of these financial statements.  
Page 5

## **Marks and Spencer (Property Investments) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023**

#### **1 Accounting policies**

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

The financial statements have been prepared for the 52 weeks ended 1 April 2023 (last year: 52 weeks ended 3 April 2022) in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out on page 1.

##### **New accounting standards adopted by the Company**

The Company has applied the following new standards and interpretations for the first time for the annual reporting period commencing 4 April 2021:

- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2

The adoption of the standards and interpretations listed above has not led to any changes to the Company's accounting policies or had any other material impact on the financial position or performance of the Company.

##### **New accounting standards in issue but not yet effective**

New standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture
- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The adoption of the above standards and interpretations is not expected to lead to any changes to the Company's accounting policies or have any other material impact on the financial position or performance of 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**

Revenue represents rent receivable from another group undertaking which is recognised on an accruals basis. Lease income from these operating leases is recognised on a straight-line basis over the lease term even if cash receipts are not on this basis.

## **Marks and Spencer (Property Investments) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023**

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold land	Not depreciated
Freehold and leasehold buildings with a remaining lease term over 50 years	Depreciated to their residual values over their estimated remaining economic lives.
Leasehold buildings with a remaining lease term of less than 50 years	Depreciated over shorter of their useful economic lives and the remaining period of the lease.
Fixtures, fittings and equipment	3 to 25 years according to the estimated life of the asset.

#### **Tax**

Tax expense comprises of 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.

#### **Property, plant and equipment**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and any recognised impairment loss. Property is not revalued for accounting purposes. Assets in the course of construction are held at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

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

#### **Prepaid leasehold premiums**

Payments to acquire leasehold land are included in prepayments at cost and amortised over the life of the lease.

#### **Reserves**

The following describes the nature and purpose of each reserve within equity:

- Share capital account: The nominal value of the shares issued.
- Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Statement of cash flows**

There were no cash movements for the Company as all transactions were settled using intercompany loans and current accounts and therefore no statement of cash flows is presented in these accounts.



## **Marks and Spencer (Property Investments) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023**

#### **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.

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

The preparation of the financial statements under IFRSs requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. 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.

##### **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 useful lives and residual values requires the exercise of management judgement.

During current year, following an annual review of the appropriateness of the Group's residual value for buildings, it was deemed appropriate that the residual value for buildings should be reduced from 30% to 15% of the original cost. Consequently, the residual value for all assets within the same category were revised down, with the impact taken prospectively over the remaining lives of the assets.

##### **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 either value in use calculations prepared on the basis of management's assumptions and estimates or a red book valuation report for the property that adheres to the Royal Institution of Chartered Surveyor's Valuation Professional Standards.

##### **Impairment of prepaid leasehold premium**

Prepaid leasehold premiums 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 based on either value in use calculations prepared on the basis of management's assumptions and estimates or a red book valuation report for the related property that adheres to the Royal Institution of Chartered Surveyor's Valuation Professional Standards.

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 3 Revenue

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

	52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
Rental income from a related party	<u>1,820</u>	<u>1,820</u>

#### 4 Employee information

The Company had 0 employees during the year (last year 0).

#### 5 Directors' remuneration

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

#### 6 Operating profit

Arrived at after charging

	52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
Depreciation expense	271	240
Amortisation expense	50	53
Impairment loss	<u>1,268</u>	<u>1,423</u>

The Marks and Spencer Group owns a significant property portfolio, most of which is used for trading purposes. A small number of these properties are held within separate property holding companies within which revenue is derived from related party rental income and not the underlying retail activities of the store. These related party rental agreements generally do not contain rental uplift provisions.

An asset is impaired where the book value of the property is greater than the deemed recoverable value. The deemed impairment does not reflect the value generated from continuing to trade the store on a value in use basis.

A valuation of the property portfolio was performed for internal purposes in August 2022 and August 2023. Following the valuations and management's own internal assessment of individual property values, an impairment has been booked in the current year and in the prior year.

#### 7 Finance costs

	52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
<b>Finance costs</b>		
Interest charge from a related party	<u>(646)</u>	<u>(263)</u>

The notes on pages 6 to 15 form an integral part of these financial statements.

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 8 Income tax

Tax charged in the income statement

	52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
<b>Current taxation</b>		
UK corporation tax	223	296
UK corporation tax adjustment to prior periods	<u>-</u>	<u>1</u>
	<u>223</u>	<u>297</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2022 - higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	52 weeks to 1 April 2023 £ 000	52 weeks to 2 April 2022 £ 000
Loss before tax	<u>(415)</u>	<u>(159)</u>
Corporation tax at standard rate	(79)	(30)
Increase in current tax from adjustment for prior periods	-	1
Increase from effect of expenses not deductible in determining taxable profit	<u>302</u>	<u>326</u>
Total tax charge	<u>223</u>	<u>297</u>

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 9 Property, plant and equipment

	<b>Land and buildings £ 000</b>
<b>Cost or valuation</b>	
At 4 April 2021	17,827
At 2 April 2022	17,827
At 3 April 2022	17,827
At 1 April 2023	17,827
<b>Depreciation</b>	
At 4 April 2021	5,107
Charge for period	240
Impairment	966
At 2 April 2022	6,313
At 3 April 2022	6,313
Charge for the period	271
Impairment	857
At 1 April 2023	7,441
<b>Carrying amount</b>	
At 1 April 2023	10,386
At 2 April 2022	11,514
At 4 April 2021	12,720

The notes on pages 6 to 15 form an integral part of these financial statements.  
Page 11

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 10 Intangible assets

	Other intangible assets £ 000
<b>Cost or valuation</b>	
At 4 April 2021	20,103
At 2 April 2022	20,103
At 3 April 2022	20,103
At 1 April 2023	20,103
<b>Amortisation</b>	
At 4 April 2021	14,147
Amortisation charge	53
Impairment	457
At 2 April 2022	14,657
At 3 April 2022	14,657
Amortisation charge	50
Impairment	411
At 1 April 2023	15,118
<b>Carrying amount</b>	
At 1 April 2023	4,985
At 2 April 2022	5,446
At 4 April 2021	5,956

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 11 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:

	As at 1 April 2023 £ 000	As at 2 April 2022 £ 000
<b>Loss before tax</b>	(415)	(159)
Interest payable to another Group company	646	263
<b>Operating profit/(loss)</b>	231	104
Depreciation and amortisation	321	293
Impairment	1,268	1,423
<b>Funds generated from operations</b>	1,820	1,820
<b>Funds from operating activities</b>		
Tax paid	(296)	(1)
<b>Net funds generated from operating activities</b>	1,524	1,819
<b>Funds from financing activities</b>		
Interest payable	(646)	(263)
<b>Net outflow of funds from financing activities</b>	(646)	(263)
<b>Net movement in intercompany balances</b>	878	1,556

#### 12 Share capital

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

	As at 1 April 2023		As at 2 April 2022	
	No. 000	£ 000	No. 000	£ 000
Issued and fully paid of £1 each	15,000	15,000	15,000	15,000

## Marks and Spencer (Property Investments) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023

#### 13 Related party transactions

##### Summary of transactions with parent entities

##### Income and receivables from related parties

	<b>Parent</b>
	<b>£ 000</b>
<b>2023</b>	
Rental income from a related party	1,820
Amounts receivable from related party	731
	<u>2,551</u>
<b>2022</b>	
Rental income from a related party	1,820
Amounts receivable from related party	1,155
	<u>2,975</u>

##### Loans from related parties

	<b>Parent</b>
	<b>£ 000</b>
<b>2023</b>	
At start of period	21,728
Rent paid	(1,820)
Interest charged	518
	<u>20,426</u>
At end of period	<u>20,426</u>
<b>2022</b>	
At start of period	22,768
Tax paid	258
Rent paid	(1,540)
Interest charged	242
	<u>21,728</u>
At end of period	<u>21,728</u>

## **Marks and Spencer (Property Investments) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 1 April 2023**

#### **Terms of loans from related parties**

As at 1 April 2023, the £20,426,000 loan from another Group undertaking (last year £21,728,000) is interest bearing. The current account receivable of £731,000 (last year £1,155,000 respectively) is non interest bearing. Overall the interest payable during the year was £518,000 (last year £242,000). Interest rates are set within individual intercompany loan agreements. The loan is interest bearing at SONIA plus an applicable margin. A 2% increase/decrease in the interest rate of the loan from another Group undertaking would result in a loss/gain of £409,000 in the income statement, before tax.

#### **14 Parent and ultimate parent undertaking**

The company's immediate parent is Marks and Spencer plc.

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 [corporate.marksandspencer.com/annualreport](https://corporate.marksandspencer.com/annualreport)

#### **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 plc, incorporated in the United Kingdom.

The address of Marks and Spencer plc is:

Waterside House, 35 North Wharf Road, London W2 1NW