

**Marks and Spencer
(Initial LP) Limited**

Report and Financial Statements

**For the period from
26 January 2007 to 29 March 2008**

Registered Number SC315365

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COMPANIES HOUSE

Marks and Spencer (Initial LP) Limited
Report and financial statements
Period ended 29 March 2008

Report of the Directors

The directors present their report and the financial statements for the 61 week period ended 29 March 2008

Principal activities

The Company's principal activity is an investment 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.

Marks and Spencer (Initial LP) Limited is domiciled in Scotland. The Company's registered office is No 2 Lochrin Square, 96 Fountainbridge, Edinburgh, Midlothian, EH3 9QA.

Results and dividends

The Company made a profit of £8 after taxation during the period. The directors do not recommend the payment of a dividend.

Directors

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

C Constantine	Appointed 26 January 2007
I Dyson	Appointed 26 January 2007
EM Haughey	Appointed 26 January 2007
RJ Ivens	Appointed 19 February 2007
DA Ratter	Appointed 23 November 2008

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 (Initial LP) Limited business. The principal risks and uncertainties of Marks and Spencer Group plc which include those of the Company are discussed on pages 44 and 45 of the Group's annual report which does not form part of this report. Copies of the Marks and Spencer Group plc consolidated financial statements are available from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW or are available on the website www.marksandspencer.com.

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 (Initial LP) Limited
Report and financial statements
Period ended 29 March 2008

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

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

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

Resolution

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

By Order of the Board



RJ Ivens
Director
24 November 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARKS AND SPENCER (INITIAL LP) LIMITED

We have audited the financial statements of Marks and Spencer (Initial LP) Limited for the 61 week period ended 29 March 2008 which comprise the Income statement, the Balance sheet, the Cash flow statement 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 29 March 2008 and of its profit and cash flows for the period 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

24 November 2008

Marks and Spencer (Initial LP) Limited
Income statement

		61 weeks ended 29 March 2008 £
	Notes	
Revenue	2	5
Cost of sales		
Gross profit		5
Bank interest receivable		6
Profit on ordinary activities before taxation		11
Income tax expense	5	(3)
Profit for the period attributable to shareholders	8	8

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 7 to 9 are an integral part of these financial statements

Marks and Spencer (Initial LP) Limited
Balance sheet

29 March 2008
 £

Notes

ASSETS

Current assets

Cash and cash equivalents		106
Amount receivable from another Group undertaking		5
Investment in another Group undertaking	6	100
		211

LIABILITIES

Current liabilities

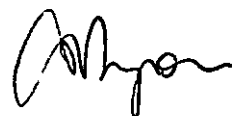
Current tax liabilities		(3)
		208

Net assets

EQUITY

Called up share capital	7	200
Retained earnings	8	8
Total shareholders' equity	8	208

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2008
 The financial statements also comprise the notes on pages 7 to 9



I Dyson
 Director

Marks and Spencer (Initial LP) Limited
Cash flow statement

61 weeks ended
29 March 2008
£

Cash flows from operating activities

Profit for the period	8
Income tax expense	3
Cash generated from operations	11
Increase in intercompany receivables	(5)
Net cash inflow from operating activities	6

Cash flows from investing activities

Investment in another Group undertaking	(100)
Issue of equity	200
Net cash inflow from investing activities	100

Net cash inflow from activities **106**

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period **106**

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
Period ended 29 March 2008

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention

Revenue

Revenue represents the Company's entitlement to income profits from a fellow Group undertaking which is recognised on an accruals basis. The annual allocation of income profits is equal to 5% of the Capital Contribution made by the Company to Marks and Spencer Scottish Limited Partnership

Investments in other Group undertakings

Investments in other Group undertakings are classified as available for sale financial assets. They are initially measured at cost, including transactions costs, and subsequently at fair value. Gains or losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period

Share capital

Ordinary shares are classified as equity

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

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

Financial risk management

Interest rate risk

The Company has no exposure to interest rate fluctuations it has no interest bearing loans

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 (Initial LP) Limited
Notes to the financial statements
Period ended 29 March 2008

2 REVENUE

	61 weeks ended 29 March 2008
	£
Income profits from another Group undertaking	5

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Company had no employees during the period. No director received emoluments in respect of their services to the Company during the period.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees of £3,000 for the period were borne by a fellow Group undertaking.

5 INCOME TAX EXPENSE

A Taxation charge

	61 weeks ended 29 March 2008
	£
UK Corporation tax at 30%	
current year	3
Total current taxation	3

B Taxation reconciliation

	61 weeks ended 29 March 2008
	£
Profit before tax	11
Taxation at standard UK rate of 30%	3
Total income tax expense	3

The effective tax rate is 27.3%.

6 INVESTMENT IN ANOTHER GROUP UNDERTAKING

	2008 £
Cost and net book value	
At the start of the period	
Additions	100
At the end of the period	100

The investment of £100 is in Marks and Spencer Scottish Limited Partnership, a partnership registered in Scotland. The investment represents the Company's injection of partners' capital on 12 March 2007 in its capacity as a Limited Partner.

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
Period ended 29 March 2008

7 SHARE CAPITAL

	2008 £
Authorised	
5,000 ordinary shares of £1	5,000
Allotted, called up and fully paid	
200 ordinary shares of £1	200

8 SHARE CAPITAL AND RESERVES

	Share capital £	Retained earnings £	Total £
Share capital issued	200		200
Profit for the period attributable to shareholders		8	8
At 29 March 2008	200	8	208

9 RELATED PARTY DISCLOSURES

During the period, the Company had the following related party balances

	61 weeks ended 29 March 2008 £
Transactions	
Income profits from another Group undertaking	5
Share capital issued to another Group undertaking	200
	2008 £000
Balances	
Current account receivable from another Group undertaking	5
Investment in another Group undertaking	100

During the period the Company invested in Marks and Spencer Scottish Limited Partnership, another Group undertaking. There were no other transactions with related parties.

All current receivables are non interest bearing

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 can be obtained from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW.