

Registration number: SC315365

Marks and Spencer (Initial LP) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 2 April 2016

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Marks and Spencer (Initial LP) Limited

Strategic Report for the Year Ended 2 April 2016

The strategic report for the year ended 2 April 2016.

Fair review of the business

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.

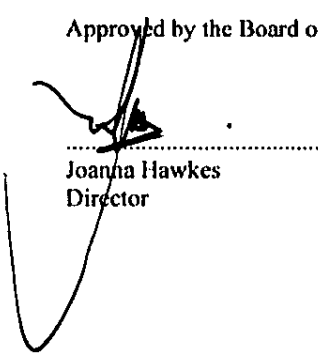
Principal risks and uncertainties and financial risk management

The Company is part of the Marks and Spencer group of companies (the 'Group'). 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 27 to 29 and 47 to 48 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/thecompany.

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.

Approved by the Board on 15/08/2016 and signed on its behalf by:


.....
Joanna Hawkes
Director

Marks and Spencer (Initial LP) Limited

Directors' Report for the Year Ended 2 April 2016

The report and the unaudited financial statements for the year ended 2 April 2016.

Directors of the company

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

Hugo Adams

Joanna Hawkes (appointed 10 July 2015)

Robert John Ivens

Principal activity

The Company's principal activity is an investment vehicle. The only investment that the Company has is in Marks And Spencer Scottish Limited Partnership. 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 (Initial LP) Limited is a limited company incorporated and domiciled in Scotland. The Company's registered office is No.2 Lochrin Square, 96 Fountainbridge, Edinburgh, Midlothian, EH3 9QA. The company is part of the Marks and 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 53 weeks ended 2 April 2016 (the 'year').

Dividends

The director recommends a final dividend payment of £nil be made in respect of the financial period ended 2 April 2016 (last year £nil).

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 and future plans the directors are satisfied that the Company will be able to operate as a going concern for the foreseeable future. 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 02 April 2016 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 (Initial LP) Limited

Directors' Report for the Year Ended 2 April 2016 (continued)

Statement of directors' responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless 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 director is 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 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 director is 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 to ensure that the financial statements comply with the Companies Act 2006. 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 15/04/16 and signed on its behalf by:



.....
Joanna Hawkes
Director

Marks and Spencer (Initial LP) Limited

Income Statement for the Year Ended 2 April 2016

	Note	2016 £	2015 £
Revenue	2	<u>7</u>	<u>5</u>
Profit before tax		7	5
Income tax expense	5	<u>(1)</u>	<u>(1)</u>
Profit for the period		<u>6</u>	<u>4</u>

The above results were derived from continuing operations.

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

Marks and Spencer (Initial LP) Limited

(Registration number: SC315365)

Statement of Financial Position as at 2 April 2016


	Note	2016 £	2015 £
Assets			
Non-current assets			
Investments in subsidiaries	6	100	100
Current assets			
Trade and other receivables	9	45	40
Cash and cash equivalents		<u>111</u>	<u>111</u>
		<u>156</u>	<u>151</u>
Total assets		<u>256</u>	<u>251</u>
Equity and liabilities			
Equity			
Share capital	8	(200)	(200)
Retained earnings		<u>(44)</u>	<u>(38)</u>
Total equity		<u>(244)</u>	<u>(238)</u>
Current liabilities			
Trade and other payables	9	(11)	(12)
Income tax liability		<u>(1)</u>	<u>(1)</u>
		<u>(12)</u>	<u>(13)</u>
Total equity and liabilities		<u>(256)</u>	<u>(251)</u>

For the financial period ending 2 April 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's 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 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 director and authorised for issue on



 Hugo Adams
 Director

Marks and Spencer (Initial LP) Limited

Statement of Changes in Equity for the Year Ended 2 April 2016

	Share capital £	Retained earnings £	Total £
At 30 March 2014	200	34	234
Profit for the period	-	4	4
At 28 March 2015	200	38	238
	Share capital £	Retained earnings £	Total £
At 29 March 2015	200	38	238
Profit for the period	-	6	6
At 2 April 2016	200	44	244

The notes on pages 8 to 14 form an integral part of these financial statements.

Marks and Spencer (Initial LP) Limited

Statement of Cash Flows for the Year Ended 2 April 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the period		6	4
Adjustments to cash flows from non-cash items			
Income tax expense	5	<u>1</u>	<u>1</u>
		7	5
Working capital adjustments			
Increase in intercompany receivables		(7)	(5)
Increase in intercompany payables		<u>1</u>	<u>1</u>
Cash generated from operations		1	1
Income taxes paid	5	<u>(1)</u>	<u>(1)</u>
Net cash flow from operating activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 29 March 2015		<u>111</u>	<u>111</u>
Cash and cash equivalents at 02 April 2016		<u>111</u>	<u>111</u>

The notes on pages 8 to 14 form an integral part of these financial statements.

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016

1 Accounting policies

Basis of preparation

The financial statements have been prepared 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. The Company continues to adopt the going concern basis in preparing its financial statements. Refer to the Directors Report.

There have been no significant changes to accounting under IFRS which have affected the Company's results. The only changes to the IFRS, IFRS IC interpretations and amendments that are effective for the first time in this financial year are the Annual Improvements to IFRSs: 2011-2013 cycle. These have not had a material impact on the Company.

The following IFRS have been issued but are not yet effective:

- IFRS 16 'Leases' was issued on 13 January 2016 and is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The standard is yet to be endorsed by the EU. The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model, and as such, requires lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. Accounting requirement for lessors are substantially unchanged from IAS 17, the impact of the standard on the Company is currently being assessed and it is not yet practicable to quantify the effect of IFRS 16 on these financial statements.

- IFRS 9 'Financial Instruments' replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from 1 January 2018 and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entities risk management methodology. Given the principle activities of the Company, adoption of IFRS 15 is not expected to have a material impact on these financial statements; and

- IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018 with early adoption permitted. It has not as yet been endorsed by the EU. The standard establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. It applies to all contracts with customers, except those in the scope of other standards. It replaces the separate models for goods, services and construction contracts under the current accounting standards. Based on a preliminary assessment from the work performed to date, adoption of IFRS 15 is not 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. The Company's accounting policies have been consistently applied throughout the year.

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

1 Accounting policies (continued)

Revenue recognition

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.

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.

Investments in other Group undertakings

Investments in other Group undertakings are recorded at cost, which is the fair value of the consideration paid. 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 year.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity.

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.

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

I Accounting policies (continued)

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.

Liquidity risk

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

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

2 Revenue

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

	2016 £	2015 £
Income profits from another Group undertaking	5	5
Other revenue	<u>2</u>	<u>-</u>
	<u>7</u>	<u>5</u>

The other revenue relates to a historic write off of intercompany balances from a prior year.

3 Employee information

The Company had no employees during the year (last year none).

4 Directors emoluments

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

5 Income tax

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	<u>1</u>	<u>1</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 21%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>7</u>	<u>5</u>
Corporation tax at standard rate	<u>1</u>	<u>1</u>
Total tax charge	<u>1</u>	<u>1</u>

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

6 Investments in subsidiaries

	£
Carrying amount - cost and net book value	
At 28 March 2015	<u>100</u>
At 2 April 2016	<u>100</u>

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

7 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	<u>111</u>	<u>111</u>

8 Share capital

Allotted, called up and fully paid shares

	2 April 2016		28 March 2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

9 Related party transactions

Summary of transactions with parent entities

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

Income and receivables from related parties

	Parent £
2016	
Income profits from another Group undertaking	5
Investment in another Group undertaking	100
Amounts receivable from related party	<u>45</u>

	Parent £
2015	
Income profits from another Group undertaking	5
Investment in another Group undertaking	100
Amounts receivable from related party	<u>40</u>

Expenditure with and payables to related parties

	Parent £
2016	
Amounts payable to related party	<u>11</u>

	Parent £
2015	
Amounts payable to related party	<u>12</u>

10 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 www.marksandspencer.com/thecompany

Marks and Spencer (Initial LP) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

10 Parent and ultimate parent undertaking (continued)

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 England and Wales.

The address of Marks and Spencer Group plc is:
Waterside House, 35 North Wharf Road, London W2 1 NW

The parent of the smallest group in which these financial statements are consolidated is Marks and Spencer plc, incorporated in England and Wales.

The address of Marks and Spencer plc is:
Waterside House, 35 North Wharf Road, London W2 1 NW

