

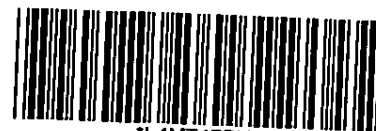
Registration number: SC315365

# Marks and Spencer (Initial LP) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 28 March 2015

TUESDAY



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

### **Strategic Report for the Year Ended 28 March 2015**

The directors present their strategic report for the year ended 28 March 2015.

#### **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.

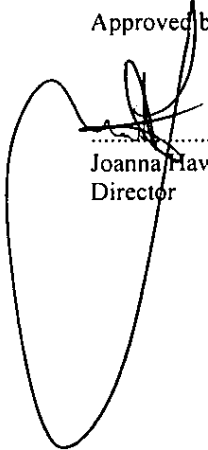
#### **Principal risks and uncertainties and financial risk management**

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 23 to 25 and 44 to 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/thecompany](http://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 11 December 2015 and signed on its behalf by:



.....  
Joanna Hawkes  
Director

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

### **Directors' Report for the Year Ended 28 March 2015**

The directors present their report and the unaudited financial statements for the year ended 28 March 2015.

#### **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:

Hugo Adams (appointed 2 July 2014)

Clem Constantine (resigned 30 June 2014)

Robert John Ivens

Alan Stewart (resigned 10 July 2014)

The following director was appointed after the year end:

Joanna Hawkes (appointed 10 July 2015)

#### **Principal activity**

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 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 52 weeks ended 28 March 2015 (the 'year').

#### **Dividends**

The directors recommend a final dividend payment of £nil be made in respect of the financial year ended 28 March 2015 (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 28 March 2015 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 28 March 2015 (continued)

#### Statement of directors' responsibilities

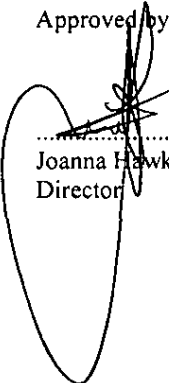
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 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.

Approved by the Board on 11 December 2015 and signed on its behalf by:



.....  
Joanna Hawkes  
Director

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

**Income Statement for the Year Ended 28 March 2015**

	Note	Year ended 28 March 2015 £	Year ended 29 March 2014 £
Revenue	2	<u>5</u>	<u>5</u>
Profit before tax		5	5
Income tax expense	5	<u>(1)</u>	<u>(2)</u>
Profit for the year		<u>4</u>	<u>3</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 28 March 2015**

	Note	28 March 2015 £	29 March 2014 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	6	100	100
<b>Current assets</b>			
Trade and other receivables	9	40	35
Cash and cash equivalents		<u>111</u>	<u>111</u>
		<u>151</u>	<u>146</u>
Total assets		<u>251</u>	<u>246</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	(200)	(200)
Retained earnings		<u>(38)</u>	<u>(34)</u>
Total equity		<u>(238)</u>	<u>(234)</u>
<b>Current liabilities</b>			
Trade and other payables	9	(12)	(11)
Income tax liability		<u>(1)</u>	<u>(1)</u>
		<u>(13)</u>	<u>(12)</u>
Total equity and liabilities		<u>(251)</u>	<u>(246)</u>

For the financial year ending 28 March 2015 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 year 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 11 December 2015.

They were signed on its behalf by:



Hugo Adams

Director

The notes on pages 8 to 13 form an integral part of these financial statements.

# Marks and Spencer (Initial LP) Limited

## Statement of Changes in Equity for the Year Ended 28 March 2015

	Share capital £	Retained earnings £	Total £
At 31 March 2013	200	31	231
Profit for the year	-	3	3
At 29 March 2014	200	34	234
	Share capital £	Retained earnings £	Total £
At 30 March 2014	200	34	234
Profit for the year	-	4	4
At 28 March 2015	200	38	238

The notes on pages 8 to 13 form an integral part of these financial statements.

# Marks and Spencer (Initial LP) Limited

## Statement of Cash Flows for the Year Ended 28 March 2015

	Note	Year ended 28 March 2015 £	Year ended 29 March 2014 £
<b>Cash flows from operating activities</b>			
Profit for the year		4	3
Adjustments to cash flows from non-cash items			
Income tax expense	5	<u>1</u>	<u>2</u>
		5	5
Working capital adjustments			
Increase in intercompany receivables		(5)	(5)
Increase in intercompany payables		<u>1</u>	<u>2</u>
Cash generated from operations		1	2
Income taxes paid	5	<u>(1)</u>	<u>(2)</u>
Net cash flow from operating activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 29 March 2014		<u>111</u>	<u>111</u>
Cash and cash equivalents at 28 March 2015		<u>111</u>	<u>111</u>

The notes on pages 8 to 13 form an integral part of these financial statements.



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

### **Notes to the Unaudited Financial Statements for the Year Ended 28 March 2015**

#### **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. The following IFRS, IFRS IC interpretations and amendments are effective for the first time in this financial year:

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities' and the amendments to IAS 27 (2011) 'Separate Financial Statements' and IAS 28 (2011) 'Investments in Associations and Joint Ventures'. These have not had a material impact on the Company.

There are no other IFRS, IFRS IC interpretations or amendments that have been issued but are not yet effective 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. The Company's accounting policies have been consistently applied throughout the year.

##### **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.

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

### **Notes to the Unaudited Financial Statements for the Year Ended 28 March 2015 (continued)**

#### **1 Accounting policies (continued)**

##### **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.

##### **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 28 March 2015 (continued)

#### 2 Revenue

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

	2015 £	2014 £
Income profits from another Group undertaking	<u>5</u>	<u>5</u>

#### 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

	2015 £	2014 £
<b>Current taxation</b>		
UK corporation tax	<u>1</u>	<u>2</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 21% (2014 - 23%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	<u>5</u>	<u>5</u>
Corporation tax at standard rate	1	1
Increase (decrease) in current tax from adjustment for prior periods	<u>-</u>	<u>1</u>
Total tax charge	<u>1</u>	<u>2</u>

#### 6 Investments in subsidiaries

	£
<b>Carrying amount - cost and net book value</b>	
At 28 March 2015	<u>100</u>
At 29 March 2014	<u>100</u>

## Marks and Spencer (Initial LP) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2015 (continued)

#### 6 Investments in subsidiaries (continued)

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

	2015 £	2014 £
Cash at bank	<u>111</u>	<u>111</u>

#### 8 Share capital

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

	2015		2014	
	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 28 March 2015 (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

###### 2015

Income profits from another Group undertaking

Parent  
£

5

Investment in another Group undertaking

100

Amounts receivable from related party

40

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###### 2014

Income profits from another Group undertaking

Parent  
£

5

Investment in another Group undertaking

100

Amounts receivable from related party

35

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##### Expenditure with and payables to related parties

###### 2015

Amounts payable to related party

Parent  
£

12

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###### 2014

Amounts payable to related party

Parent  
£

11

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#### 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](http://www.marksandspencer.com/thecompany)

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

### **Notes to the Unaudited Financial Statements for the Year Ended 28 March 2015 (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