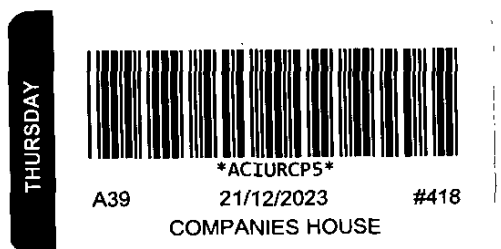


Registration number: SC315365

Marks and Spencer (Initial LP) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 1 April 2023



Marks and Spencer (Initial LP) Limited
Strategic Report for the Year Ended 1 April 2023

The directors present their strategic report for the year ended 1 April 2023.

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.

The Company is part of the Marks and Spencer Group plc group of companies (the 'Group'). The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely interest rate risk, liquidity risk, credit risk, fair value estimation and capital management risk.

Interest rate risk

The Company's exposure to interest rate fluctuations is limited to interest on cash and cash equivalents.

Liquidity risk

The Company's exposure to liquidity risk is managed by funding of cash flow requirements by the parent company. The parent company relies on the Group treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. The Company benefits from this liquidity through intra-group facilities and loans.

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 to provide optimal returns for shareholders.

The directors do not believe the Company is exposed to significant cash flow risk, price risk or foreign exchange risk.

Marks and Spencer (Initial LP) Limited

Strategic Report for the Year Ended 1 April 2023

Section 172(1) statement

The directors of the Company consider that they have responsibly and appropriately discharged their duties under the Companies Act 2006 (the "Act"), including their duty to act in the way that they consider, in good faith, will be most likely to promote the success of the Company for the benefit of its members as a whole, having due regard in doing so for the matters set out in section 172 (1) (a) to (f) in the Act ("s.172").

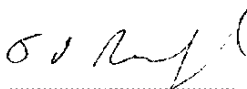
The Company is part of the Marks and Spencer Group plc group of companies (the "Group"). Consequently, the Board of Marks and Spencer Group plc (the "Group Board") and its Committees have overarching decision making authority for the Group on a number of reserved matters. These include setting the Group's strategy and values, as well as reviewing and approving the Group's operating plans, policies, processes and management structures, amongst others. Responsibility for actioning the Group Board's decisions and strategic direction throughout the day-to-day management of the Group then rests with the Group Board's executive directors and the Group's senior leadership team. The directors of the Company therefore ensure that they give due care and consideration to discharging their duties and having regard for the matters in s.172 by adopting and adhering to the Group's internal governance arrangements as outlined above.

In particular, the directors of the Company have considered the likely consequences of decisions in the long term, and the need to maintain a reputation for high standards of business conduct by ensuring that the Group's strategy, policies and minimum standards are adopted and supported by the Company. The Company's principal activity is as an investment vehicle for the Group, to hold an investment in Marks and Spencer Scottish Limited Partnership (the "SLP"), and therefore the directors consider the needs of the Group in its decision-making as its direct stakeholders. Furthermore, as the Company relies on the resources of the Group, including its employees, suppliers and other business relationships, the directors also consider the needs of these indirect stakeholders, and any consequent impacts on them, by adopting and supporting the Group Board's decisions where these stakeholders were directly considered.

The directors' key decision during the year related to the SLP, of which the Company is a limited partner. The Board agreed to the terms of an additional capital contribution, as approved by Marks and Spencer plc, and to amend the limited partnership agreement between the Company, Marks and Spencer plc, Marks and Spencer Pension Trust Limited (the "Trustee" of the M&S Pension Scheme) and the SLP to reflect this additional capital contribution. In doing so, the directors considered the liquidity requirements of the Group as its key stakeholder.

Further information on how the Group Board had regard to the matters set out in s.172 can be found on pages 80 to 82 of the Group's Annual Report 2023 (available online at corporate.marksandspencer.com/annualreport).

Approved by the Board on 15 December 2023 and signed on its behalf by:



James Rudolph
Director

Marks and Spencer (Initial LP) Limited
Directors' Report for the Year Ended 1 April 2023

The directors present their report and the 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:

Patricia Howell (resigned 31 August 2022)

Andrew Turton (resigned 27 October 2023)

Robert Lyons

James Rudolph

The following directors were appointed after the year end:

Adam Dobbs (appointed 27 October 2023)

William Smith (appointed 27 October 2023)

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.

Marks and Spencer (Initial LP) Limited is a limited company incorporated and domiciled in Scotland. The Company's registered office is No.2 Semple Street, Edinburgh, Scotland, EH3 8BL. 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 1 April 2023 (the 'year').

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. The Company is not directly affected by Brexit nor the COVID-19 pandemic.

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 (Initial LP) 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 15 December 2023 and signed on its behalf by:



James Rudolph
Director

Marks and Spencer (Initial LP) Limited
Income Statement for the Year Ended 1 April 2023

		52 weeks to 1 April 2023 £	52 weeks to 2 April 2022 £
Revenue	3	<u>5</u>	<u>5</u>
Operating profit		<u>5</u>	<u>5</u>
Profit before tax		5	5
Income tax expense	6	<u>(1)</u>	<u>(1)</u>
Profit for the period		<u><u>4</u></u>	<u><u>4</u></u>

The above results were derived from continuing operations.

Marks and Spencer (Initial LP) Limited

(Registration number: SC315365)

Statement of Financial Position as at 1 April 2023

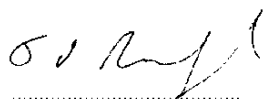
	Note	As at 1 April 2023 £	As at 2 April 2022 £
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	7	100	100
Current assets			
Trade and other receivables	10	80	75
Cash and cash equivalents	8	114	114
		<u>194</u>	<u>189</u>
Total assets		<u>294</u>	<u>289</u>
Equity and liabilities			
Equity			
Share capital	9	(200)	(200)
Retained earnings		<u>(75)</u>	<u>(71)</u>
Total equity		<u>(275)</u>	<u>(271)</u>
Current liabilities			
Trade and other payables	10	(18)	(17)
Income tax liability		<u>(1)</u>	<u>(1)</u>
		<u>(19)</u>	<u>(18)</u>
Total equity and liabilities		<u>(294)</u>	<u>(289)</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.

Approved by the Board on 15 December 2023 and signed on its behalf by:



James Rudolph
Director

Marks and Spencer (Initial LP) Limited

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

	Share capital £	Retained earnings £	Total £
At 3 April 2022	200	71	271
Profit for the year	-	4	4
Total comprehensive income	-	4	4
At 1 April 2023	200	75	275

	Share capital £	Retained earnings £	Total £
At 4 April 2021	200	67	267
Profit for the year	-	4	4
Total comprehensive income	-	4	4
At 2 April 2022	200	71	271

Marks and Spencer (Initial LP) Limited

Statement of Cash Flows for the Year Ended 1 April 2023

	52 weeks to 1 April 2023 £	52 weeks to 2 April 2022 £
Cash flows from operating activities		
Profit for the period	4	4
Adjustments to cash flows from non-cash items		
Income tax expense	<u>1</u>	<u>1</u>
	5	5
Working capital adjustments		
Increase in trade and other receivables	(5)	(5)
Increase in trade and other payables	<u>1</u>	<u>-</u>
Cash generated from operations	1	-
Income taxes paid	<u>(1)</u>	<u>-</u>
Net cash flow from operating activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>114</u>	<u>114</u>
Cash and cash equivalents at the end of the year	<u><u>114</u></u>	<u><u>114</u></u>

Marks and Spencer (Initial LP) 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 2 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 3.

Revenue recognition

The company earns revenue from the provision of services relating to 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. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Investments in other Group undertakings

Investments in other Group undertakings are recorded at cost less, where appropriate, provisions for impairment. The directors believe that the carrying value of the investments is currently supported by their underlying value.

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.

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.

Marks and Spencer (Initial LP) Limited

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

Tax

The tax expense for the year comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Financial instruments

Initial recognition

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.

Impairment of investments in subsidiary undertakings

Investments in subsidiary undertaking are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on the fair value prepared on the basis of management's assumptions and estimates.

3 Revenue

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

	52 weeks to 1 April 2023	52 weeks to 2 April 2022
	£	£
Rental income from a related party	5	5

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).

Marks and Spencer (Initial LP) Limited

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

6 Income tax

Tax charged in the income statement

	52 weeks to 1 April 2023 £	52 weeks to 2 April 2022 £
Current taxation		
UK corporation tax	<u>1</u>	<u>1</u>

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

The charge for the year can be reconciled to the profit per the income statement as follows:

	52 weeks to 1 April 2023 £	52 weeks to 2 April 2022 £
Profit before tax	<u>5</u>	<u>5</u>
Corporation tax at standard rate	<u>1</u>	<u>1</u>
Tax expense in the income statement	<u>1</u>	<u>1</u>

Marks and Spencer (Initial LP) Limited

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

7 Investments in subsidiaries

£

Carrying amount - cost and net book value

At 1 April 2023	100
At 2 April 2022	100

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. Voting is controlled by the partnership agreement rather than through determination of voting rights.

The directors believe that the carrying value of the investments is supported by the underlying net assets.

Details of the subsidiaries as at 1 April 2023 are as follows:

Name of subsidiary	Principal activity	Registered office
Marks and Spencer Scottish Limited Partnership *	Property holding company	2-28 St Nicholas Street Aberdeen AB10 1BU United Kingdom

* indicates direct investment of Marks and Spencer plc

8 Cash and cash equivalents

	As at 1 April 2023 £	As at 2 April 2022 £
Cash at bank	114	114

9 Share capital

Allotted, called up and fully paid shares

	As at 1 April 2023		As at 2 April 2022	
	No.	£	No.	£
Ordinary shares of £1 each	200	200	200	200

Marks and Spencer (Initial LP) Limited

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

10 Related party transactions

Income and receivables from related parties

	Other related parties £
2023	
Amounts receivable from related party	80
Income from subsidiary undertaking	<u>5</u>

	Other related parties £
2022	
Amounts receivable from related party	75
Income from subsidiary undertaking	<u>5</u>

Payables to related parties

	Other related parties £
2023	
Amounts payable to related party	<u>18</u>

	Other related parties £
2022	
Amounts payable to related party	<u>17</u>

Terms of lending arrangements

As at 1 April 2023 the current receivable of £80 (last year £75) is non-interest bearing. As at 1 April 2023 the current payable of £18 (last year £17) is also non-interest bearing. These balances are both repayable on demand.

11 Parent and ultimate parent undertaking

The Company's ultimate parent and controlling party is Marks and Spencer Group plc who is also the parent company of the smallest and largest group to which the accounts of the Company are consolidated into. These financial statements are available on request from the Company Secretary or available on the website corporate.marksandspencer.com/annualreport

The registered office address of the immediate parent company and the ultimate parent company is Waterside House, 35 North Wharf Road, London W2 1NW.