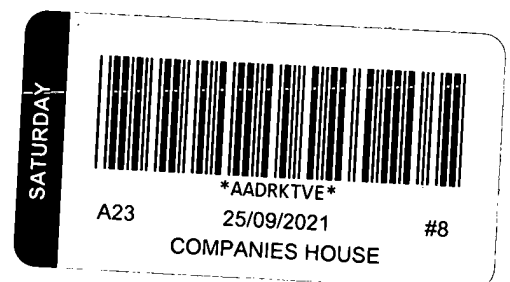


Registration number: 01339700

St. Michael Finance p.l.c.
Annual Report and Financial Statements
for the Year Ended 3 April 2021



St. Michael Finance p.l.c.

Strategic Report for the Year Ended 3 April 2021

The directors present their Strategic Report for the year ended 3 April 2021.

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. During the year, the Company repaid a foreign currency loan from a Group company, Marks and Spencer (Hong Kong) Investments Limited, and entered into another foreign currency loan agreement. The Company was also repaid a sterling-denominated loan from its immediate parent company, Marks and Spencer plc, and advanced another sterling-denominated loan to Marks and Spencer plc. The timing of these loan agreements compared to those that existed in the prior year resulted in a decrease in interest received and finance charges. 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 directors have considered the Company's liquidity position with particular consideration to the ongoing Covid-19 pandemic and believe that the Company will be able to continue to generate adequate revenues through its present activities, as detailed in note 1.

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely foreign currency risk, interest rate risk, liquidity risk, credit risk, fair value estimation and capital management risk. The Company's immediate parent is Marks and Spencer plc and the Company is part of the Marks and Spencer Group plc group of companies (the 'Group').

Foreign currency risk

Transactional foreign currency exposures arise from foreign currency intercompany loans. To manage this risk the Group treasury function hedge these exposures at a Group level, principally using forward foreign exchange contracts held by the parent company.

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 respective Group company.

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 and royalty income receivable from a third party. The other receivables balance of £1,179,000 (last year: £1,074,000) is due from a single third party. Concentration of credit risk related to this single third party did not exceed 6% (last year: 6%) of gross monetary assets at the year end.

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 or price risk.

St. Michael Finance p.l.c.

Strategic Report for the Year Ended 3 April 2021 (Continued)

Result for the year

The Company made a profit for the year after tax of £645,000 (last year: £512,000).

Key performance indicators

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.

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 to provide financing activities on behalf of the Group, 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 was the approval and execution of an intercompany loan facility agreement, and the directors therefore considered the liquidity management 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 34 to 36 and 68 to 69 of the Group's Annual Report 2021 (available online at www.marksandspencer.com/thecompany).

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
Nick Folland
Director

St. Michael Finance p.l.c.

Directors' Report for the Year Ended 3 April 2021

The directors present their report and the audited financial statements for the year ended 3 April 2021.

Directors of the Company

The directors, who served throughout the year except as noted, were as follows:

Daniel Brook (resigned 16 July 2021)

Nick Folland

Emma Harris (appointed 14 January 2021)

Clare Pettitt (resigned 30 November 2020)

James Rudolph (appointed 16 July 2021)

Principal activity

The Company holds a license from Marks and Spencer plc for the use of trademarks. These trademarks are then sublicensed to overseas franchise partners generating royalty income. The Company also undertakes intercompany financing activities, generating interest receivable.

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 the provision of financing activities. The directors have considered the Company's liquidity position with particular consideration to the ongoing Covid-19 pandemic and believe that the Company will be able to continue to generate adequate revenues through its present activities, as detailed in note 1.

St. Michael Finance p.l.c. 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 53 weeks ended 3 April 2021 (the 'year'). The previous financial year was the 52 weeks ended 28 March 2020.

Dividends

During the year, no interim dividend was proposed or paid (last year: £22,000,000). The directors recommend no final dividend payment to be made in respect of the financial year ended 3 April 2021 (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 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. In forming this conclusion, the directors considered the Group's liquidity position with particular consideration to the ongoing Covid-19 pandemic.

St. Michael Finance p.l.c.

Directors' Report for the Year Ended 3 April 2021 (Continued)

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 subsidiary 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 3 April 2021 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.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 (IFRS) as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditor

A resolution to reappoint Deloitte LLP as auditor of the Company has been approved by the directors at the time of signing these financial statements.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
Nick Folland
Director

St. Michael Finance p.l.c.

Independent Auditor's Report to the Members of St. Michael Finance p.l.c.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of St. Michael Finance p.l.c. (the 'company'):

- give a true and fair view of the state of the company's affairs as at 3 April 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

St. Michael Finance p.l.c.

Independent Auditor's Report to the Members of St. Michael Finance p.l.c. (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

St. Michael Finance p.l.c.

Independent Auditor's Report to the Members of St. Michael Finance p.l.c. (Continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jane Makrakis, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Reading
United Kingdom

23 September 2021

St. Michael Finance p.l.c.

Income Statement for the Year Ended 3 April 2021

	Note	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
Revenue	2	1,182	1,262
Cost of sales		<u>(483)</u>	<u>(525)</u>
Gross profit		699	737
Other operating income		<u>64</u>	<u>-</u>
Profit before tax	3	763	737
Income tax expense	7	<u>(118)</u>	<u>(225)</u>
Profit for the year		<u>645</u>	<u>512</u>

The above results were derived from continuing operations. There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

St. Michael Finance p.l.c.

(Registration number: 01339700)

Statement of Financial Position as at 3 April 2021

		As at 3 April 2021 £ 000	As at 28 March 2020 £ 000
	Note		
Assets			
Non-current assets			
Intangible assets	8	1,350	1,800
Current assets			
Trade and other receivables	9	20,970	20,155
Cash and cash equivalents	10	3	3
		<u>20,973</u>	<u>20,158</u>
Total assets		<u>22,323</u>	<u>21,958</u>
Equity and liabilities			
Equity			
Share capital	11	(50)	(50)
Retained earnings		<u>(3,060)</u>	<u>(2,415)</u>
Total equity		<u>(3,110)</u>	<u>(2,465)</u>
Current liabilities			
Bank overdraft	10	(6)	-
Trade and other payables	12	(19,089)	(19,267)
Income tax liability		<u>(118)</u>	<u>(226)</u>
Total liabilities		<u>(19,213)</u>	<u>(19,493)</u>
Total equity and liabilities		<u>(22,323)</u>	<u>(21,958)</u>

The financial statements of the Company were approved by the Board and authorised for issue on 23 September 2021.

They were signed on its behalf by:

Emma Harris

.....

Emma Harris

Director

The notes on pages 12 to 20 form an integral part of these financial statements.

St. Michael Finance p.l.c.

Statement of Changes in Equity for the Year Ended 3 April 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 31 March 2019	50	23,903	23,953
Profit for the year	-	512	512
Transactions with owners:			
Dividends paid	-	(22,000)	(22,000)
At 28 March 2020	50	2,415	2,465

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 29 March 2020	50	2,415	2,465
Profit for the year	-	645	645
At 3 April 2021	50	3,060	3,110

The notes on pages 12 to 20 form an integral part of these financial statements.

St. Michael Finance p.l.c.

Statement of Cash Flows for the Year Ended 3 April 2021

	Note	2021 £ 000	2020 £ 000
Cash flows (used in)/from operating activities			
Profit for the year		645	512
Adjustments to cash flows from non-cash items:			
Amortisation	3, 8	450	450
Income tax expense	7	118	225
		1,213	1,187
Working capital adjustments:			
(Increase)/decrease in loans due from group companies	9, 14	(768)	1,936
(Decrease)/increase in loans due to group companies	12, 14	(337)	18,879
(Increase)/decrease in trade and other receivables	9, 14	(47)	41
Decrease in trade and other payables	12, 14	(67)	(43)
Net cash flow (used in)/from operating activities		(6)	22,000
Cash flows used in financing activities			
Equity dividends paid		-	(22,000)
Net cash used in financing activities		-	(22,000)
Net decrease in cash and cash equivalents		(6)	-
Cash and cash equivalents at the beginning of the year		3	3
Cash and cash equivalents at the end of the year		(3)	3
<i>Reconciliation of statement of financial position to cash flow statement</i>			
Cash at bank and in hand		3	3
Bank overdraft		(6)	-
Balances per statement of cash flows		(3)	3

The notes on pages 12 to 20 form an integral part of these financial statements.

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021

1 Accounting policies

Basis of preparation

The financial statements have been prepared for the 53 weeks ended 3 April 2021 (last year: 52 weeks ended 28 March 2020) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Company continues to adopt the going concern basis in preparing its financial statements. 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, being at least twelve months from the date of signing these financial statements. In forming this conclusion, the Directors considered the Company's liquidity position with particular consideration to the ongoing Covid-19 pandemic.

There have been no significant changes to accounting under IFRS which have affected the Company's results.

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 29 March 2020:

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Definition of a Business
- Amendments to References to the Conceptual Framework in IFRS Standards

The Company also elected to adopt the following amendment early:

- Amendment to IFRS 16: Covid-19-Related Rent Concessions

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:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use
- 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

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.

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

1 Accounting policies (continued)

Revenue recognition

Revenue represents interest receivable from another Group undertaking and royalty income from a third party, each of which are recognised on an accruals basis. In accordance with IFRS 15, revenue is calculated on a principles-based approach and is based on the concept of recognising revenue for performance obligations only when they are satisfied and the control of goods or services is transferred.

Cost of sales

Cost of sales represents finance costs and amortisation of intangible assets.

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.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Intangible assets

Capitalised trademarks are held at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their expected economic lives, normally between three and ten years.

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. 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.

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 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.

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires Management to make judgements and estimates. The Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not determine there to be any for the purposes of disclosure.

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

2 Revenue

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

	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
Interest received	9	188
Royalties received	1,173	1,074
	<u>1,182</u>	<u>1,262</u>

The following is an analysis of the Company's revenue and results by geographical location:

	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
UK	9	188
Middle East and North Africa	1,173	1,074
	<u>1,182</u>	<u>1,262</u>

3 Profit before tax

Arrived at after charging/(crediting):

	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
Amortisation expense	450	450
Finance charges	33	75
Other operating income	<u>(64)</u>	<u>-</u>

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

4 Employee information

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

5 Directors' emoluments

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

6 Auditor's remuneration

Auditor's remuneration of £5,000 (last year: £5,000) in respect of the Company's annual audit has been borne by Marks & Spencer plc in the current and prior years.

7 Income tax

Tax charged/(credited) in the income statement

	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
Current taxation		
UK corporation tax	118	225
Overseas tax	118	107
Relief from UK tax for overseas tax suffered	(118)	(107)
Tax expense in the income statement	118	225

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

The differences are reconciled below:

	53 weeks ended 3 April 2021 £ 000	52 weeks ended 28 March 2020 £ 000
Profit before tax	763	737
Corporation tax at standard rate	145	140
Effects of group relief received	(112)	-
Expenses not deductible in determining taxable profit	85	85
Total tax charge	118	225

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the year end.

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

8 Intangible assets

	Trademarks, patents and licenses £ 000
Cost or valuation	
At 30 March 2019, 28 March 2020 and 3 April 2021	<u>4,500</u>
Amortisation	
At 30 March 2019	2,250
Amortisation charge	<u>450</u>
At 28 March 2020	<u>2,700</u>
Amortisation charge	<u>450</u>
At 3 April 2021	<u>3,150</u>
Carrying amount	
At 3 April 2021	<u>1,350</u>
At 28 March 2020	<u>1,800</u>

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

9 Trade and other receivables

	2021 £ 000	2020 £ 000
Receivable from parent company	19,791	19,081
Other receivables	1,179	1,074
	<u>20,970</u>	<u>20,155</u>

All trade and other receivables are denominated in sterling. As at 3 April 2021 £19,613,000 (last year: £18,845,000) of the intercompany receivable is interest-bearing and is not considered to be overdue or impaired. Overall, the interest received during the year was £9,000 (last year: £188,000). Interest rates are set within individual intercompany loan agreements; however, they are approximately in line with LIBOR. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

10 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank and in hand	3	3
Bank overdraft	<u>(6)</u>	<u>-</u>

There are no encumbrances on the bank accounts.

11 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
50,000 ordinary shares of £1 each	50	50	50	50

12 Trade and other payables

	2021 £ 000	2020 £ 000
Amount due to parent company	487	261
Amounts due to related parties	18,602	19,006
	<u>19,089</u>	<u>19,267</u>

All trade and other payables are denominated in sterling and Hong Kong dollars and are repayable on demand. As at 3 April 2021, an £18,542,000 (last year: £18,879,000) loan from another Group company was interest-bearing. Overall, the interest paid during the year was £33,000 (last year: £75,000). Interest rates are set within individual intercompany loan agreements; however, they are approximately in line with LIBOR. The directors consider that the carrying amount of trade payables and other financial liabilities approximates to their fair value.

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

13 Dividends

During the year, interim dividends of £nil were proposed and paid (last year: £22,000,000). The directors are proposing a final dividend of £nil (last year: £nil)

14 Related party transactions

Income and receivables from related parties

	Parent £ 000	Other related parties £ 000	Total £ 000
2021			
Interest Income			
Amounts receivable from related party	9	-	9

	Parent £ 000	Other related parties £ 000	Total £ 000
2020			
Interest Income			
Amounts receivable from related party	188	-	188

Expenditure with and payables to related parties

	Other related parties £ 000
2021	
Interest Payable	
Amounts payable to related party	33

	Other related parties £ 000
2020	
Interest Payable	
Amounts payable to related party	75

Amounts due from related parties

	Parent £ 000	Parent current account £ 000	Other related parties £ 000	Total £ 000
2021				
At start of year	18,845	236	-	19,081
Advanced	19,616	-	-	19,616
Repaid	(18,915)	-	-	(18,915)
Interest charged	9	-	-	9
Transfer	58	(58)	-	-
At end of year	19,613	178	-	19,791

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

14 Related party transactions (Continued)

	Parent £ 000	Parent current account £ 000	Other related parties £ 000	Total £ 000
2020				
At start of year	20,781	229	-	21,010
Advanced	20,002	-	-	20,002
Repaid	(22,119)	-	-	(22,119)
Interest charged	181	7	-	188
At end of year	18,845	236	-	19,081

Amounts due to related parties

	Parent £ 000	Other related party current accounts £ 000	Other related parties £ 000	Total £ 000
2021				
At start of year	261	127	18,879	19,267
Advanced	226	-	18,542	18,769
Repaid	-	-	(18,979)	(18,979)
Interest charged	-	8	25	33
Transfer	-	(75)	75	-
At end of year	487	60	18,542	19,089

	Parent £ 000	Other related party current accounts £ 000	Other related parties £ 000	Total £ 000
2020				
At start of year	140	52	-	192
Advanced	121	-	18,879	19,000
Repaid	-	-	-	-
Interest charged	-	75	-	75
At end of year	261	127	18,879	19,267

St. Michael Finance p.l.c.

Notes to the Financial Statements for the Year Ended 3 April 2021 (Continued)

14 Related party transactions (Continued)

Amounts due to related parties and amounts due from related parties

As at 3 April 2021 the £19,613,000 (last year: £18,845,000) loan to its parent company, Marks and Spencer plc, is interest-bearing. The current accounts receivable of £178,000 (last year: £236,000) are non-interest bearing. Overall, the interest received during the year from Marks and Spencer plc was £9,000 (last year: £188,000).

As at 3 April 2021 the £18,542,000 (last year: £18,879,000) loan from Marks and Spencer (Hong Kong) Investments Limited is interest-bearing. The current accounts payable of £60,000 (last year: £127,000) are non-interest bearing as this amount represents interest accrued on the loan. Overall, the interest payable during the year was £33,000 (last year: £75,000).

As at 3 April 2021 the current account payable to Marks and Spencer plc of £487,000 (last year: £261,000) is non-interest bearing.

Interest rates are set within individual intercompany loan agreements; however, they are approximately in line with LIBOR. A 2% increase/decrease in the interest rate would result in a gain/loss of £21,000 in the income statement before taxation.

15 Parent and ultimate parent undertaking

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

The ultimate parent and controlling party is Marks and Spencer Group 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

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