

Registration number: 05174129

# Marks and Spencer Chester Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 30 March 2019



## **Marks and Spencer Chester Limited**

### **Strategic Report for the Year Ended 30 March 2019**

The directors present their strategic report for the year ended 30 March 2019.

#### **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.

#### **Result for the year**

The Company made a profit for the year after tax of £1,819,000 (last year profit of £1,798,000).

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

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

##### **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 interest rate, cash flow risk, price risk or foreign exchange risk.

#### **Key performance indicators**

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.

Approved by the Board on 18/12/2019 and signed on its behalf by:



Nick Folland  
Director

---

## **Marks and Spencer Chester Limited**

### **Directors' Report for the Year Ended 30 March 2019**

The directors present their report and the unaudited financial statements for the year ended 30 March 2019.

#### **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:

Scilla Grimble (resigned 14 September 2018)

Amanda Mellor (resigned 1 February 2019)

Steven Bennett (resigned 29 August 2019)

Alistair Willey (appointed 14 September 2018 and resigned 27 June 2019)

Nick Folland (appointed 1 February 2019)

The following directors were appointed after the period end:

Lucy Walker (appointed 27 June 2019)

Andrew Turton (appointed 24 September 2019)

#### **Principal activity**

The Company's principal activity is holding property on behalf of Marks and Spencer plc to enable Marks and Spencer plc to carry out its retailing activities. 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 Chester Limited 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 52 weeks ended 30 March 2019 (the 'year').

#### **Dividends**

The directors recommend a final dividend payment of £Nil (last year £Nil) be made in respect of the financial year ended 30 March 2019.

#### **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.

## **Marks and Spencer Chester Limited**

### **Directors' Report for the Year Ended 30 March 2019 (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 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 30 March 2019 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.

#### **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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) 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 (IFRS) 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 18/12/2019 and signed on its behalf by:



.....  
Nick Folland  
Director

## **Marks and Spencer Chester Limited**

### **Income Statement for the Year Ended 30 March 2019**

	<b>Note</b>	<b>52 weeks ended 30 March 2019 £ 000</b>	<b>52 weeks ended 31 March 2018 £ 000</b>
Revenue	3	<u>2,246</u>	<u>2,246</u>
Operating profit		2,246	2,246
Finance costs	6	<u>-</u>	<u>(26)</u>
Profit before tax		2,246	2,220
Income tax expense	7	<u>(427)</u>	<u>(422)</u>
Profit for the year		<u><u>1,819</u></u>	<u><u>1,798</u></u>

The above results were derived from continuing operations.

# Marks and Spencer Chester Limited

(Registration number: 05174129)

## Statement of Financial Position as at 30 March 2019

	Note	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	11,725	11,725
Deferred tax assets	7	<u>3</u>	<u>4</u>
		<u>11,728</u>	<u>11,729</u>
<b>Current assets</b>			
Cash and cash equivalents		<u>-</u>	<u>-</u>
Total assets		<u>11,728</u>	<u>11,729</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	(7,500)	(7,500)
Retained earnings		<u>6,026</u>	<u>7,845</u>
Total equity		<u>(1,474)</u>	<u>345</u>
<b>Current liabilities</b>			
Trade and other payables	10	(9,828)	(11,653)
Income tax liability		<u>(426)</u>	<u>(421)</u>
		<u>(10,254)</u>	<u>(12,074)</u>
Total equity and liabilities		<u>(11,728)</u>	<u>(11,729)</u>

For the financial year ended 30 March 2019 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 18/12/2019  
They were signed on its behalf by:

.....

Lucy Walker

Director

The notes on pages 8 to 16 form an integral part of these financial statements.

---

**Marks and Spencer Chester Limited**

**Statement of Changes in Equity for the Year Ended 30 March 2019**

	<b>Share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 2 April 2017	7,500	(9,643)	(2,143)
Profit for the period	-	1,798	1,798
At 31 March 2018	<u>7,500</u>	<u>(7,845)</u>	<u>(345)</u>

	<b>Share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 April 2018	7,500	(7,845)	(345)
Profit for the period	-	1,819	1,819
At 30 March 2019	<u>7,500</u>	<u>(6,026)</u>	<u>1,474</u>

# Marks and Spencer Chester Limited

## Statement of Cash Flows for the Year Ended 30 March 2019

	Note	2019 £ 000	2018 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		1,819	1,798
Adjustments to cash flows for not from cash items			
Finance costs	6	-	26
Income tax expense		427	422
		<u>2,246</u>	<u>2,246</u>
Working capital adjustments			
Decrease in trade and other payables	10	<u>(1,825)</u>	<u>(1,785)</u>
Cash generated from operations		421	461
Income taxes paid		<u>(421)</u>	<u>(435)</u>
Net cash flow from operating activities		<u>-</u>	<u>26</u>
<b>Cash flows from financing activities</b>			
Interest paid	6	<u>-</u>	<u>(26)</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the year		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 8 to 16 form an integral part of these financial statements.



## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019**

#### **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.

There have been significant changes to accounting under IFRS which have affected the Company's financial statements.

New standards and interpretations effective for periods commencing on or after 1 January 2018 and therefore applicable to the Company's financial statements for the 52 weeks ended 30 March 2019 are listed below:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.
- Amendments to IFRS 4 Insurance Contracts regarding the implementation of IFRS 9 Financial Instruments.
- Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- Amendments to IAS 40 Transfer of Investment Property.
- Amendments to IFRS 2 Share-Based Payments, on clarifying how to account for certain types of share-based payment transactions.
- Annual improvements to IFRS Standards 2014-2016 Cycle (certain items effective from 1 January 2017).

With the exception of the adoption of IFRS 9 and IFRS 15, the adoption of the above standards and interpretations 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.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard is effective for periods commencing on or after 1 January 2018 and therefore has been implemented with effect from 1 April 2018. The standard introduces changes to three key areas:

- New requirements for the classification and measurement of financial instruments.
- A new impairment model based on expected credit losses for recognising provisions.
- Simplified hedge accounting through closer alignment with an entity's risk management methodology.

The adoption of IFRS 9 has not had a material impact on either the income statement or the statement of financial position. The Company has adopted IFRS 9 using the modified transition approach, though there have been no adjustments to opening retained earnings for the impact of IFRS 9 and has not restated the prior period comparatives.

IFRS 15 Revenue from Contracts with Customers is effective for periods beginning on or after 1 January 2018 and therefore has been implemented with effect from 1 April 2018. The standard establishes a principles-based approach for revenue recognition 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. In doing so, the standard applies a five-step approach to the timing of revenue recognition and 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 previous accounting standard.

Due to the straightforward nature of the Company's revenue streams and the absence of significant judgement required in determining the timing of transfer of control, the adoption of IFRS 15 has not had a material impact on the timing or nature of the Company's revenue recognition.

## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019**

The Company has adopted IFRS 15 using the modified transition approach and has therefore not restated the prior period comparatives. The adoption of IFRS 15 has not had a material impact on either the income statement or the statement of financial position.

New standards and interpretations effective for periods commencing on or after 1 January 2019 and therefore applicable to the Company for the 52 weeks ending 28 March 2020 are listed below:

- Annual improvements to IFRS Standards 2015-2017 Cycle.
- Amendments to IFRS 9 Financial Instruments, on prepayment features with negative compensation.
- Amendments to IAS 28 Investments in Associates, on long term interests in associates and joint ventures.
- Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- IFRS 16 Leases.

The adoption of the above standards and interpretations will not 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.

#### **Revenue recognition**

Revenue represents rent receivable from another group undertaking which is recognised on an accruals basis.

#### **Taxation**

The tax expense for the period comprises current and deferred 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.

Deferred tax is accounted for using a temporary difference approach, and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, applying tax rates and laws enacted or substantively enacted at the end of the reporting year.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019**

#### **Property, plant and equipment**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and any recognised impairment loss. Property is not revalued for accounting purposes. Assets in the course of construction are held at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold and leasehold buildings with a remaining lease term over 50 years	Depreciated to their residual values over their estimated remaining economic lives.
Freehold land	Not depreciated.
Leasehold buildings with a remaining lease term of less than 50 years	Depreciated over shorter of their useful economic lives and the remaining period of the lease.
Fixtures, fittings and equipment	3 to 25 years according to the estimated life of the asset.

Residual values and useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal. Any impairment value is recognised immediately in the income statement.

#### **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 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 Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019

#### 2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements under IFRS 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 property, plant and equipment

Property, plant equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review of impairment is conducted, the recoverable amount is determined based on value in use calculations 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 ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Rental income	<u>2,246</u>	<u>2,246</u>

Revenue is generated from operations within the United Kingdom.

#### 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 Finance costs

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Finance costs		
Interest charge from a related party	<u>-</u>	<u>(26)</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019

#### 7 Income tax

Tax charged in the income statement

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
<b>Current taxation</b>		
UK corporation tax	426	421
<b>Deferred taxation</b>		
Arising on origination and reversal of timings differences	1	1
Tax expense in the income statement	<u>427</u>	<u>422</u>

The tax on profit before tax for the period is the same as the standard rate of corporate tax in the UK of 19% (2018 - same as the standard rate of corporate tax in UK of 19%).

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

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Profit before tax	2,246	2,220
Corporation tax at standard rate	427	422
Total tax charge	<u>427</u>	<u>422</u>

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 31 March 2018 £ 000	Recognised in income £ 000	At 30 March 2019 £ 000
Accelerated tax depreciation	4	(1)	3

Deferred tax movement during the prior year:

	At 1 April 2017 £ 000	Recognised in income £ 000	At 31 March 2018 £ 000
Accelerated tax depreciation	5	(1)	4

The deferred tax asset arises from temporary differences in relation to property, plant and equipment.

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019

#### 8 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 2 April 2017	34,780	2,220	37,000
At 31 March 2018	34,780	2,220	37,000
<b>Depreciation</b>			
At 2 April 2017	23,055	2,220	25,275
At 31 March 2018	23,055	2,220	25,275
<b>Carrying amount</b>			
At 31 March 2018	11,725	-	11,725
At 2 April 2017	11,725	-	11,725
	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 April 2018	34,780	2,220	37,000
At 30 March 2019	34,780	2,220	37,000
<b>Depreciation</b>			
At 1 April 2018	23,055	2,220	25,275
At 30 March 2019	23,055	2,220	25,275
<b>Carrying amount</b>			
At 30 March 2019	11,725	-	11,725
At 31 March 2018	11,725	-	11,725

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019

#### 9 Share capital

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

	As at 30 March 2019		As at 31 March 2018	
	No. 000	£ 000	No. 000	£ 000
Share Capital of £1 each	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>

#### 10 Trade and other payables

	At 30 March 2019 £ 000	At 31 March 2018 £ 000
Amounts due to related parties (see note 11)	9,155	10,978
Social security and other taxes	112	113
Deferred Income	<u>561</u>	<u>562</u>
	<u>9,828</u>	<u>11,653</u>

#### 11 Related party transactions

##### Summary of transactions with parent entities

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

##### Payables to related parties

	Parent £ 000	Other related parties £ 000
<b>2019</b>		
Amounts payable to related party	<u>-</u>	<u>537</u>
<b>2018</b>		
Amounts payable to related party	<u>2</u>	<u>547</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019

#### Loans from related parties

	Parent £ 000	Other related parties £ 000
<b>2019</b>		
At start of year	283	10,146
VAT paid	-	449
Tax paid	-	435
Loan transfer from parent	(283)	283
Interest paid	-	1
Repayment	-	(2,696)
At end of year	<u>-</u>	<u>8,618</u>

In September 2018 the principal loan balance payable of £283,000 owed to the Parent entity was transferred into the Marks and Spencer P.L.C loan.

	Parent £ 000	Other related parties £ 000
<b>2018</b>		
At start of year	3,620	9,273
VAT paid	-	450
Tax paid	-	423
Interest paid	32	-
Repayment	(3,369)	-
At end of year	<u>283</u>	<u>10,146</u>

#### Terms of loans from related parties

As at 30 March 2019, the £8,618,000 (last year £10,146,000) loan from another group undertaking is non-interest bearing. Balance in the current account with another group undertaking of £1,098,000 (last year 547,000) is also non-interest bearing.

#### 12 Parent and ultimate parent undertaking

The Company's immediate parent is Marks and Spencer Property Holdings Limited.

The ultimate parent 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](http://www.marksandspencer.com/thecompany).



## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 March 2019**

#### **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